DOCUMENT RESUME

ED 356 119 RC 019 065

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TITLE The "Fair Share" Dilemma: Property Wealth, Per Pupil Revenue and Resident Ability To Support Public Elementary and Secondary Education in West Virginia 1991-92. A Technical Report.
INSTITUTION West Virginia Education Fund, Charleston.
SPONS AGENCY Claude Worthington Benedum Foundation, Pittsburgh, Pa.
PUB DATE Dec 92
NOTE 71p.
PUB TYPE Reports - Research/Technical (143)

EDRS PRICE MF01/PC03 Plus Postage.
DESCRIPTORS Assessed Valuation; *Educational Equity (Finance); *Educational Finance; Elementary Secondary Education; Expenditure per Student; Financial Policy; *Financial Support; *Fiscal Capacity; *Public Education; Public Schools; Rural Education; School Districts; *School Taxes; State Government; Tax Allocation
IDENTIFIERS *West Virginia

ABSTRACT

This report examines factors that contribute to the differences in local education funding, per pupil revenue, and local resident ability to support present and future educational services in West Virginia. Based on a variety of data generated during 1989-92, the study indicates: (1) the differences in support for local education are attributed to property values, the mix of property classes, and voter approval of the excess levy; (2) Class III and Class IV property values generate the regular and excess levy revenue, and account for 83 percent of local support for public schools; (3) neither the ability of local residents to pay taxes nor revenues from excess levies are included as components of the measurement for local share of the state basic education program; (4) property values and resident ability to pay taxes are only weakly related; and (5) the large differences in local education funding per pupil revenue between the highest ranked school district and the lowest ranked school district is partly due to the state's use of property tax as the single measure of local fiscal capacity. Because the State contributes 66% of the average local revenue, the bias introduced by the property-tax measure for local fiscal capacity is significant; counties with relatively high property tax revenue but low incomes are severely disadvantaged by such a single index measure. Suggestions about using a composite index are proposed. Appendices include definitions of factors examined in the study, a summary of West Virginia's school financing system, and two data charts. This report also contains 21 tables and charts. (Contains 11 references.) (LP)

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THE "FAIR SHARE" DILEMMA

Property Wealth, Per Pupil Revenue
and Resident Ability to Support
Public Elementary and Secondary Education
in West Virginia
1991-92

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A Technical Report Prepared by Dr. Mary F. Hughes
Education Research Specialist
Education Policy Research Institute
A Program of the West Virginia Education Fund

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December 1992

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This research is made possible through a grant from the
Claude Worthington Benedum Foundation

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THE "FAIR SHARE" DILEMMA

Property Wealth, Per Pupil Revenue and Resident Ability to Support Public Elementary and Secondary Education in West Virginia 1991-92

A Technical Report
Prepared by
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Published by
West Virginia Education Fund
1520 Kanawha Valley Building
Charleston, WV 25301
(304) 342-7850

December 1992

Preface

The problem of how to pay for the public school has been debated by the American public for more than a century. After all this time, there is no agreement on how to distribute the burden of the costs onto the various tax-paying groups in the economy. Moreover, the many debates and numerous studies over the years combine to make it clear that there are no precise measurements on the ability to pay for schools and that the data commonly used in studies of the problem are imperfect.

Every state has made its own approach to dividing up the burden of paying for the public schools - and the methods are different. No approach has been fully satisfactory. Every arrangement has been a compromise among economic, political, and social forces in the state. As might be expected, these change from time to time.

Against this nationwide background, Dr. Mary Hughes has prepared a technical report which has brought together a wide variety of data for West Virginia. The purpose of the technical report is to provide background information for all persons interested in school financing issues in West Virginia.

The Board of the West Virginia Education Fund publishes this report as a public service to foster enlightened discussion. The Board makes clear, however, that no policy conclusions or recommendation have been made and none are intended.

L. Newton Thomas, Jr.
President
West Virginia Education Fund

Vivian G. Kidd
Executive Director
West Virginia Education Fund

December 1992

Acknowledgements

A tremendous "thank you" is in order to the many individuals that generously shared their time and expertise in refining this report. The most notable are:

The individual members of the Board of Directors and the Research Review Committee of the West Virginia Education Fund who took time out of their busy schedules to read drafts of this report, make suggestions and recommendations.

Joe Panetta, Director of the School Finance Division of the West Virginia Department of Education, was invaluable in providing accurate public elementary and secondary school revenue data and constructive comments on different aspects of the computations. Also, Sharon Lewis of the State Department of Education was of great help in providing information and enrollment data. Carolyn Arrington, Assistant State Superintendent of School Finance, and many other members of her staff, were of great help in discussing different aspects of the report.

Drs. M. David Alexander, Karl Hereford, Elizabeth Koball, and Richard Salmon, of Virginia Tech, gave their time and expertise in reviewing the technical aspects of the report.

Technical staff of the West Virginia Department of Tax and Revenue took time to answer many questions concerning tax and revenue issues and provide data.

Dr. Sidney G. Tickton, Academy for Educational Development, Washington, D.C., was superb in providing academic guidance and editorial comments.

Paul Jenkins, President of the Benedum Foundation, provided one of the most important ingredients, encouragement. Also, Mr. Jenkins provided technical suggestions and overall comments on the information.

And, Vivian Kidd, Executive Director of the West Virginia Education Fund, provided the atmosphere and the encouragement to go one step further.

Executive Summary

This study examines various factors that contribute to differences in: (1) property wealth and local support for public elementary and secondary schools in West Virginia; (2) per pupil revenue received by each school district in 1991-92; and (3) local resident ability to support present and future educational services. Major findings of the study are:

1. The differences in local education support are attributed to property values, the mix of property classes and voter approval of the excess levy.

2. Class III and Class IV property values are the dominant force in generating regular and excess levy revenue for local public school support.

3. Class III and Class IV property values represent 63 percent of all property in the state and 83 percent of property tax revenue for local school support. In broad terms:

   Industrial, commercial and natural resource properties (coal, gas, oil, and timber tracts); non-residential personal property such as cars, trucks, boats and satellite dishes; and public utilities (exclusive of Classes I and II) account for 63 percent of total assessed property values and 83 percent of property tax revenue for local school support.

4. Due to the small decrease in the regular levy tax rate on assessed property values for 1991-92, the local school districts lost approximately $475,000 in local education funds.

5. The local share of the state basic education program is measured by and limited to the amount of revenue raised by the regular levy on local assessed property values. Local resident ability to pay taxes is not a component of this measure nor is the excess levy revenue.

6. Thirteen counties did not pass the excess levy resulting in a loss of local funds to those counties of approximately $15 million or over $500 for each of their 29,804 students. Ten counties exercised between 40-90 percent of the maximum excess levy rate resulting in a six million dollar loss in excess levy revenue for those counties.

7. Because excess levy funds are not equalized, school districts with high property values have greater fiscal capacity to raise additional education funds than school districts with low property values even though the tax effort is the same.

8. Per pupil property values for the highest ranked school district are 5.5 times greater than the lowest ranked school district.

9. The citizens of some counties tax themselves at twice the tax rate as other counties and raise less local education dollars per school child.

10. Total local revenue per pupil of the highest ranked school district is seven times that of the lowest ranked school district.

11. The correlation between property values and resident ability to pay taxes (when measured by taxable personal income) is 0.36, indicating a small relationship.

12. In twelve counties, assessed property values understate the overall fiscal ability of the residents to support education. Forty-six percent of the total public school population attend school in those counties.

13. The state education foundation funding formula equalized local regular levy revenue to $555 per pupil difference relative to adjusted enrollment and $863 difference relative to net enrollment between the highest ranked school district and the lowest ranked school district on local share plus state aid.

14. The highest ranked school district on total per pupil revenue had $1,803 more per pupil for education services than the lowest ranked school district in 1991-92.

15. Total revenue received by the school districts in 1991-92 was over $1.5 billion or an average $4,825 per pupil in net enrollment. On an average, the state contributed 66 percent of total revenue; 26 percent was generated at the local level; and 8 percent at the federal level.

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Property Wealth, Per Pupil Revenue, and Resident Ability to Support Education in West Virginia, 1991-92

The differences in property wealth and resident ability to support education among the 55 school districts in West Virginia are considerable. In 1991, the school district with the highest assessed property values had five times the wealth base from which to generate local revenue for public school services than the school district with the lowest assessed property values.

School districts are dependent upon local property values for their level of local support, but property values neither measure nor reflect the ability of the citizens to pay taxes nor the school district's total ability to support present or future educational services. The ability of the residents to support education is far more complex than a single measure of local property wealth.

In 1991-92, the 55 school districts of West Virginia received approximately $1.5 billion for public elementary and secondary educational services. Of this amount, 26 percent was generated from the local level; eight percent from the federal government; and the remaining 66 percent from state aid, programs and grants.

One primary concern of the current national and state proposals for education reform is "who is going to fund the reform?" For example, who is going to fund a high-quality pre-kindergarten education program for all children or at least for all disadvantaged children in West Virginia? Who is going to fund developmental screening for preschool children, distance learning, or honors and advanced placement programs? Senate Bill 1[1], which includes the Governor's Cabinet on Children and Families and the "Education Goals for the Year 2000," addressed many of the components needed to achieve the national goals through successful schools. However, twenty-two of the forty-two education reform measures proposed by legislation appear to require additional funding for implementation unless currently available funds are redirected. If increased funding is required, will local school districts have the ability to contribute to the additional cost of education reform?

[1] *Third Extraordinary Legislative Session, 1990*

Purpose of the Report

The purpose of this report was to examine various factors that contribute to the differences in local education funding, per pupil revenue, and local resident ability to support present and future educational services. The report will be presented in four sections as follows:

I. Property Wealth and Local Support
   (1) Differences in the taxable wealth of school districts for school tax purposes.

   (2) Differences in types of property used to define taxable wealth.

   (3) Differences in total school revenues received from local effort.

      (a) Regular revenue raised from local taxes on property

      (b) Extra revenue raised from the excess levy on property

II. Per Pupil Revenue, 1991-92
   (1) Differences in local, state, and federal revenue received by the school districts for educational services.

III. Resident Ability to Support Education
   (1) Differences in resident ability to pay for public education as measured by:

      (a) Assessed value of property

      (b) Taxable personal income

      (c) Gross consumer sales

      (d) Public assistance rate

IV. Relationship Between Property Wealth, Local Per Pupil Revenue, and Resident Fiscal Ability to Support Education

Data Source

Data were obtained from the West Virginia Department of Tax and Revenue: *Classified Assessed Valuations Taxes Levied, 1991 Tax Year, 1989 Personal Income Tax Summary, 1989 Consumers Sales Tax Summary;* West Virginia Department of Human Services; United States Bureau of the Census, 1990 Census of Population and Housing, and Income and Education for West Virginia; and the School Finance Division of the West Virginia State Department of Education, 1991-92.

Definitions

Comparable data for the 55 school districts were derived by dividing county data by the respective public school student populations. The West Virginia Department of Education reports three measures of student population: net enrollment, adjusted enrollment, and average daily attendance (ADA). It should be noted that each of the measures of student population incorporated as a divisor will provide different outcomes. In 1991-92, 418,336 students were recorded by adjusted enrollment, 312,709 students by net enrollment, and 296,191 students by an estimated average daily attendance.

The measure of public school student population used throughout this study was an adjusted net enrollment that included adults and full time equivalent kindergarten and head start students recorded during the second month of 1991-92 school year. The adjusted net enrollment more nearly represents the number of students actually attending the public schools in 1991-92 than the other enrollment measures. The number of students in adjusted net enrollment equals 313,121. Individual school district adjusted net enrollment ranged from 1,072 students to 33,189 students. The adjusted net enrollment will be referred to as net enrollment throughout the study[2].

School districts in West Virginia are organized at the county level; therefore, school district data is the same as county data. Rural counties or rural school districts are identified in each of the tables and throughout the study. The definition of a rural county or a rural school district for this study is 10 or fewer students in net enrollment per square mile of land area. Twenty-five counties were identified as rural.

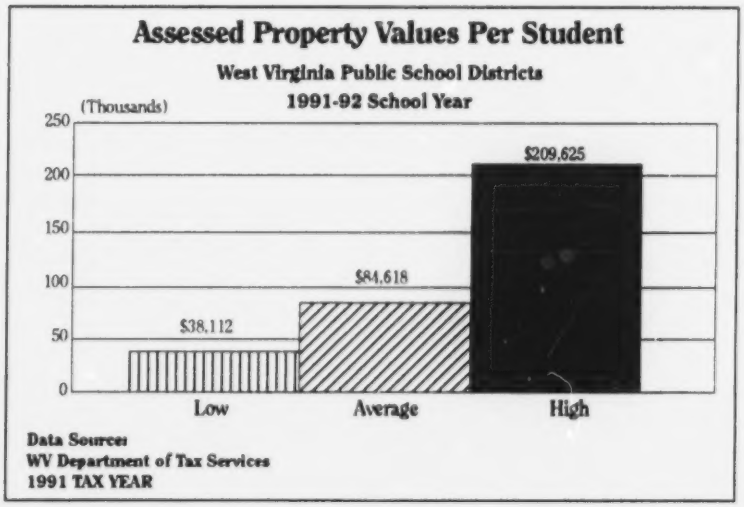
[2] *See Appendix A for complete definitions of student enrollment.*

I

PROPERTY WEALTH AND LOCAL SUPPORT

Differences in Assessed Valuation of Property

The value of assessed property in each county is a reflection of the fiscal capacity of that county to generate revenue to support local schools. Property is assessed in terms of its use, location and value. Currently, the assessed valuations determined by the county assessor must be between 60 percent and 100 percent of the aggregate appraised value by class. Beginning July 1, 1993 and thereafter, assessments must be 60 percent of the properties' true and actual values[3]. Displayed in Chart 1 is the range of property wealth within the state.



For the 1991 tax year, total assessed valuation of property per student in net enrollment ranged from a low of $38,112 in Lincoln County to a maximum of $209,625 in Pleasants County. The average property values per student among the 55 counties was $84,518. Per pupil property wealth of Pleasants County is 5.5 times greater than the per pupil property wealth of Lincoln County and almost two and one-half times greater than the state average. The 55 counties were ranked from high to low on assessed valuation of property per student in Table 1. The left section of Table 1, and the left section of all the tables throughout this study, indicates the counties that did not pass the excess levy and the counties designated as rural.

For each county, total assessed valuation of property is an important factor in the amount of local revenue generated for educational services. An additional important factor is the distribution of assessed property in each of four designated property classes. The next section describes the importance of the different classifications of property to each school district.

[3] *West Virginia Tax Laws, 1991, Department of Tax and Revenue.*

No Excess Levy	Rural	Rank	School Districts	Assessed Property Values Per Pupil in Net Enrollment
		1	Pleasants	$209,625
**	*	2	Grant	160,391
		3	Marshall	125,841
	*	4	Gilmer	123,270
**	*	5	Pocahontas	116,018
**	*	6	Hardy	114,915
		7	Kanawha	114,531
		8	Cabell	109,724
		9	Ohio	108,450
**	*	10	Tucker	107,043
**	*	11	Webster	103,137
		12	Hancock	102,295
		13	Putnam	101,758
		14	Monongalia	96,422
		15	Marion	95,940
	*	16	Lewis	94,649
		17	Boone	90,535
		18	Jefferson	90,252
		19	Mason	88,843
**	*	20	Pendleton	88,624
	*	21	Tyler	87,820
		22	Brooke	87,350
		23	Wetzel	84,638
			State Avg	$84,518
		24	Wood	81,325
	*	25	Doddridge	81,155
	*	26	Ritchie	80,435
		27	Mineral	80,356
		28	Harrison	79,726
		29	Jackson	79,560
	*	30	Preston	78,278
	*	31	Morgan	76,547
**	*	32	Braxton	76,075
	*	33	Hampshire	75,604
**	*	34	Calhoun	75,079
**	*	35	Summers	73,219
		36	Mercer	72,422
	*	37	Greenbrier	71,657
		38	Upshur	69,210
		39	Berkeley	68,773
	*	40	Nicholas	67,008
**	*	41	Roane	66,475
**	*	42	Clay	66,236
**	*	43	Randolph	66,070
		44	Taylor	65,750
		45	Raleigh	62,617
		46	Fayette	62,422
		47	Mingo	61,827
**	*	48	Barbour	59,783
	*	49	Wirt	57,287
		50	Logan	54,247
		51	Wayne	52,817
	*	52	Monroe	52,782
		53	Wyoming	50,005
		54	McDowell	43,557
		55	Lincoln	38,112

Table 1
Assessed Property Values Per Pupil in Net Enrollment, West Virginia Public Elementary and Secondary Schools 1991-92

Data source: 1991 Tax Year, Department of Tax and Revenue; School Finance Division, State Department of Education, 1991-92

Differences in Class III and Class IV Property

For ad valorem tax purposes, property is classified into four classes. In summary, Class I is all tangible personal property employed exclusively in agriculture; Class II is all owner-occupied residential property; Class III is non-residential real and personal property located outside of towns and cities, such as commercial and industrial real property, coal, gas, oil, and timber tracts; non-residential personal property such as cars, trucks, boats and satellite dishes; and public utilities exclusive of Classes I and II; Class IV is non-residential real and personal property located inside of municipalities.[4]

The West Virginia Legislature sets the maximum property tax rates for county boards of education. The maximum rates per $100 of assessed property are: Class I, 22.95 cents; Class II, 45.90 cents; Class III, 91.80 cents; and Class IV, 91.80 cents.[5] For the 1991-92 school year the levy rates were reduced to the following:

Class I - 22.89 cents/$100	Class III - 91.56 cents/$100
Class II - 45.78 cents/$100	Class IV - 91.56 cents/$100

Class I levy rates were reduced six one-hundredths (.06) of a cent per $100 of assessed property; Class II, twelve one-hundredths (.12) of a cent per $100; and Class III and IV, twenty-four one-hundredths (.24) of a cent per $100. Because of the reduction, local communities generated approximately $475,000 less in local funds for public school education in 1991-92 than they would have if the rates had remained at the maximum level. Note that Class III and Class IV levy rates are two times that of Class II and four times that of Class I.

The term "regular levy" as used in this document refers to the tax rate levied on the four classes of assessed property *excluding* the excess levy. The regular levy rate prescribed by the state legislature is used by all county boards of education statewide.

Among the 55 school districts, the variation in Class III plus Class IV property values ranged from a low of $21,246 per student in Monroe County to a maximum of $186,126 in Pleasants County. The state average was $54,991 per student. In Table 2, the 55 counties are ranked from high to low on Class III plus Class IV property values per student and included are the corresponding percentage of total assessed property values represented by Classes III and IV property values. Thirty-four counties ranked below the state average on combined Class III and Class IV property values.

[4] *See Appendix A for complete classification of property.*

[5] *West Virginia Tax Laws, 1991 at 68, Department of Tax and Revenue*

No Excess Levy	Rural	Rank	School Districts	CLASS III + CLASS IV PROPERTY VALUES/PUPIL	CLASS III + CLASS IV PERCENTAGE TOTAL PROPERTY
		1	Pleasants	$186,126	89%
**	*	2	Grant	131,489	82
		3	Marshall	100,445	80
	*	4	Gilmer	92,258	75
**	*	5	Webster	78,689	76
		6	Boone	77,499	86
**	*	7	Tucker	75,236	70
		8	Hancock	71,764	70
	*	9	Lewis	68,701	73
**	*	10	Pocahontas	67,415	58
		11	Kanawha	66,825	58
		12	Mason	65,114	73
		13	Monongalia	62,698	65
	*	14	Doddridge	62,396	77
		15	Cabell	61,397	56
	*	16	Tyler	60,708	69
**	*	17	Hardy	59,589	52
		18	Putnam	58,651	58
		19	Marion	58,531	61
		20	Brooke	56,608	65
	*	21	Ritchie	56,184	70
			State Avg	$54,991	64%
		22	Wetzel	54,236	64
		23	Ohio	51,849	48
		24	Harrison	51,689	65
**	*	25	Clay	51,008	77
		26	Jackson	50,831	64
**	*	27	Braxton	49,644	65
		28	Wood	49,235	61
**	*	29	Calhoun	48,841	65
		30	Mingo	48,285	78
	*	31	Nicholas	47,102	70
		32	Jefferson	46,674	52
	*	33	Preston	44,150	56
		34	Upshur	43,822	63
	*	35	Greenbrier	43,395	61
		36	Taylor	42,612	65
		37	Wyoming	41,778	84
		38	Fayette	41,685	67
**	*	39	Barbour	41,077	69
**	*	40	Pendleton	41,011	46
**	*	41	Randolph	40,559	61
		42	Logan	40,095	74
		43	Mineral	39,625	49
		44	Raleigh	37,613	60
		45	Berkeley	37,516	55
	*	46	Morgan	36,565	48
	*	47	Hampshire	36,345	48
		48	Mercer	35,470	49
		49	Wayne	35,184	67
**	*	50	Summers	34,212	47
**	*	51	Roane	34,089	51
		52	McDowell	33,182	76
	*	53	Wirt	29,953	52
		54	Lincoln	25,586	67
	*	55	Monroe	21,246	40

Table 2
Class III + Class IV Assessed Property Values Per Pupil In Net Enrollment, West Virginia Public Elementary and Secondary Schools 1991-92

Data Source: 1991 Tax Year, WV Department of Tax and Revenue, 1991-92, WV State Department of Education

Two counties that have approximately the same total assessed property values may differ in local education support due to the varying tax rates levied on the four different classes of property and the proportion of local property in each of the four property classes. For example, Boone and Jefferson Counties each have approximately $90,500 assessed value of property per student ($90,535 and $90,252, respectively). On the regular levy, Boone County generates $150 more per student for school services than Jefferson County. The difference lies in the distribution of properties across the classes. Class III and Class IV property categories represent 86 percent of Boone's total assessed valuation of property but only 52 percent of Jefferson's.[6]

The local mix of classes of assessed property is a significant factor in the amount of local revenue generated by the regular and excess levies. School districts that do not have a relatively large Class III or Class IV property category tend not to have a strong local tax base for raising revenue for education support. Remove Class III property values from Pleasants County School District and its ability to generate approximately $1,700 per student on the regular levy would drop to approximately $258 per student, if all else remained constant. In 1991, Class III property was 84.8 percent of Pleasants County's total assessed property valuation.

Statewide, Class III and Class IV property values represent about 63 percent of total assessed property, but generate about 83 percent of local school revenue from all classes of property.[7] Three percent of total property tax revenue for school purposes is generated from Class I assessed property values and 14 percent from Class II.[8]

[6] *See Appendix C for the percentage of property by class to total assessed valuation of property for each school district.*

[7] *See Appendix A, Section III.*

[8] *See Appendix A, Section IV.*

Differences in Regular Levy Revenue

The revenue generated from the regular levy on the four classes of property is part of the state basic education foundation formula and is referred to as the local school district charge-back, the local share, or the local contribution to support educational services. The state subtracts the local share from the amount required to fund the basic education foundation program and then provides the difference. The computed local share is based upon the regular levy rate applied to 97½ percent of assessed public utility valuations and 95 percent of other assessed property, minus reductions for unusual losses in collections.

Local school district revenue from the regular levy on the reduced assessed valuation of property ranged from a low of $262 per student in Lincoln County to a high of $1,700 in Pleasants County. The state per student average was $549. Pleasants County generated six and one-half times the local revenue per student as Lincoln County on the regular levy. The 55 school districts are arrayed from high to low on regular levy revenue for local education support in Table 3.

As noted in Table 1, Monroe County has greater assessed property values per student than Lincoln County, $52,782 to $38,112, respectively, but they both generate about the same local support for education on the regular levy, as noted in Table 3. Again, the explanation appears to lie in the contribution of Class III and IV property values. Lincoln County has $25,586 per student in Class III and IV property values compared to Monroe's per student value of $21,246.

Differences in Excess Levy Revenue for Local School Services

Revenue generated from the excess levies are additional local dollars for public school support beyond the local charge-back funds, and the state and federal allocations. Forty-two West Virginia counties presently have excess levy funds and thirteen counties do not. The additional funds generated from the excess levy are not part of the state basic education foundation program formula and are not equalized.[9] Equalization of local funds would mean the state share of the basic education foundation program is allocated in inverse proportion to local regular levy revenue. In theory, then, Lincoln County would receive the greatest amount of state aid, based on their level of regular levy revenue, and Pleasants County would receive the least amount.

[9] *Boards of Education v. Chafin, 376 S. E. 2d 113 at 114, (1988 W. Va.) "...the authority of the residents of a county to vote for and approve an excess levy for the support of public schools in the county, pursuant to W.V. Constitution Art. X, § 10, is not subject to equal protection principles."*

Table 3

Regular Levy Revenue Per Pupil In Net Enrollment, West Virginia Public Elementary and Secondary Schools 1991-92

Regular Levy Rate Per $100 Assessed Property Values 1991-92

Class I - 22.89 cents
Class II - 45.78 cents
Class III - 91.56 cents
Class IV - 91.56 cents

No Excess Levy	Rural	Rank	School Districts	Regular Levy Revenue Per Pupil
		1	Pleasants	1,700
**	*	2	Grant	1,254
		3	Marshall	955
	*	4	Gilmer	901
**	*	5	Tucker	759
**	*	6	Webster	757
**	*	7	Pocahontas	750
		8	Kanawha	726
		9	Hancock	711
		10	Boone	709
**	*	11	Hardy	703
	*	12	Lewis	676
		13	Putnam	665
		14	Mason	646
		15	Monongalia	645
		16	Cabell	628
		17	Marion	620
		18	Ohio	612
	*	19	Tyler	611
	*	20	Doddridge	605
		21	Brooke	584
		22	Wetzel	569
	*	23	Ritchie	565
		24	Jefferson	559
			State Avg	$549
		25	Jackson	532
		26	Wood	531
		27	Harrison	530
**	*	28	Braxton	519
**	*	29	Pendleton	513
**	*	30	Calhoun	510
	*	31	Preston	497
**	*	32	Clay	491
		33	Mineral	480
	*	34	Nicholas	464
		35	Upshur	462
	*	36	Greenbrier	460
	*	37	Morgan	456
	*	38	Hampshire	452
		39	Taylor	442
		40	Berkeley	434
**	*	41	Randolph	433
		42	Mingo	430
		43	Fayette	422
**	*	44	Summers	418
		45	Mercer	417
**	*	46	Barbour	414
**	*	47	Roane	400
		48	Raleigh	400
		49	Logan	387
		50	Wyoming	363
		51	Wayne	362
	*	52	Wirt	346
		53	McDowell	317
	*	54	Monroe	265
		55	Lincoln	262

Data Source: 1991 Tax Year, West Virginia Department of Tax and Revenue; School Finance Division, WV Department of Education, 1991-92

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Excess levy funds are determined voluntarily by at least a majority of the votes cast for and against the levy in each county as provided by Article X of the West Virginia Constitution. The excess levy may not exceed 100% of the *maximum* rates of tax levies on the several classes of property for the support of public schools. The approved excess levies are valid for up to five years.

The diversity in excess levy revenue among the 55 counties ranged from a low of zero in 13 counties to a maximum of $1,547 per student in Pleasants County with a state average of $557. Thirty-two counties exercised 100 percent of the maximum excess levy rate; 10 counties exercised between 40 and 90 percent of the maximum rate.

The 55 counties are ranked from high to low on excess levy revenue in Table 4. Thirteen counties were assigned the rank of 49. All thirteen counties have a zero dollar amount for excess levy revenue and 49 is the average of the ranks 43 through 55. Table 4 represents the amount of additional money per student that each school district has for educational services beyond the federal, state, and local charge back allocations.

Approximately 30,000 students attended the 13 school districts that did not have the additional excess levy funds. Lost local revenue for the 13 counties was approximately $15,000,000.[10] Also, approximately $6,000,000 in excess levy revenue was lost to the 10 school districts that did not exercise the maximum excess levy rate.

Commonalities detected among the 13 counties that did not pass the excess levy were: All 13 counties are rural and/or sparsely populated as indicated by an average 4.7 student population per square mile; eleven of the thirteen counties displayed a taxable personal income per student below the state average; eleven of the 13 counties had an above average resident population of 65 years or older; and 11 counties had greater than average percentage of the population with less than a ninth grade education. These statistics do not mean to indicate that counties that passed the excess levy did not exhibit some of the same types of demographics.

[10] *This figure was derived by taking 90 percent of the total net regular levy revenue for the 13 counties as an estimate of the revenue that would have been generated by passage of the excess levy.*

Table 4

Excess Levy Revenue Per Pupil In Net Enrollment, West Virginia Public Elementary & Secondary Schools 1991-92

Maximum
Excess Levy Rate
Per $100 Assessed
Property Values
Class I - 22.95 cents
Class II - 45.90 cents
Class III - 91.80 cents
Class IV - 91.80 cents

No Excess Levy	Rural	Rank	School Districts	Excess Levy Revenue Per Pupil	Percentage Of Maximum Levy Rate Exercised
		1	Pleasants	1,547	86.93
		2	Marshall	1,006	100
		3	Kanawha	763	100
		4	Hancock	749	100
		5	Boone	746	100
		6	Cabell	707	100
		7	Putnam	698	100
		8	Monongalia	678	100
		9	Mason	675	100
		10	Marion	653	100
		11	Ohio	645	100
	*	12	Tyler	643	100
	*	13	Doddridge	633	100
		14	Brooke	615	100
		15	Wetzel	598	100
		16	Jefferson	589	100
		17	Jackson	559	100
		18	Wood	559	100
Per Pupil Average: 42 Counties				**$557**	
		19	Harrison	556	100
	*	20	Lewis	532	75
	*	21	Preston	520	100
		22	Mineral	506	100
		23	Upshur	485	100
		24	Mingo	483	100
	*	25	Morgan	480	100
		26	Berkeley	457	100
		27	Fayette	443	100
		28	Mercer	439	100
		29	Raleigh	421	100
		30	Wyoming	408	100
		31	Logan	407	100
	*	32	Ritchie	386	64.989
		33	Wayne	380	100
	*	34	Gilmer	379	40
	*	35	Hampshire	356	75
		36	McDowell	332	100
	*	37	Wirt	327	90
		38	Lincoln	274	100
	*	39	Greenbrier	242	50
		40	Taylor	232	50
	*	41	Nicholas	213	43.57
	*	42	Monroe	181	60.74
**	*	49	Barbour	0	
**	*	49	Braxton	0	
**	*	49	Calhoun	0	
**	*	49	Clay	0	
**	*	49	Grant	0	
**	*	49	Hardy	0	
**	*	49	Pendleton	0	
**	*	49	Pocahontas	0	
**	*	49	Randolph	0	
**	*	49	Roane	0	
**	*	49	Summers	0	
**	*	49	Tucker	0	
**	*	49	Webster	0	

Data Source: 1991 Tax Year, West Virginia Department of Tax and Revenue; School Finance Division, WV Department of Education, 1991-92

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Differences in Total Local Education Support

Total local education support includes revenue generated from the regular and excess levies, interest on investments, and other miscellaneous local revenue. The variation in total local support ranges from a low of $491 per student in Clay County to a maximum of $3,473 in Pleasants County. The state average local support for school services was $1,239 per student. The 55 counties are ranked from high to low on total local education support per student in Table 5.

Not included in total local support was bond levy funds. For educational purposes, bonds can only be issued for the purpose of acquiring, reconstructing or improving any building, work, utility or undertaking; for furnishing, equipping and acquiring or procuring the necessary apparatus for any building, work or improvement; or for establishing and maintaining a building or structure.[11]

In December of 1991, school bond levies were defeated in Calhoun, Barbour, Logan, Raleigh, Summers, and Wood counties. Part of Barbour County's bond levy revenue would have provided textbooks for Barbour County public school students.[12] In 1991-92, 69 percent of the students in Barbour County received free textbooks.[13] The remaining students purchased their own textbooks at an average cost of $150 for high school students and $100 for elementary school students. A December 29, 1991, Charleston Gazette-Mail editorial proposed several reasons for the bond levy defeats. They were: a dreary economy, population losses, animosity about school consolidation, disapproval of non-education items like a sports stadium, and a perception in West Virginia that schools are failing to educate.[14]

[11] *Handbook for School Finance in West Virginia, West Virginia Department of Education, 1990.*

[12] *The Charleston Gazette, Saturday, December 14, 1991.*

[13] *In all counties textbooks must be provided for needy students (West Virginia Code, S 18-5-21a).*

[14] *Gazette Mail, December 29, 1991, Charleston, West Virginia*

Table 5

Total Local Revenue Per Pupil in Net Enrollment (Regular Levy + Excess Levy + Other Local) West Virginia Public Elementary & Secondary Schools, 1991-92

No Excess Levy	Rural	Rank	School Districts	Total Local Revenue Per Pupil
		1	Pleasants	$3,473
		2	Marshall	2,145
		3	Boone	1,721
		4	Kanawha	1,689
		5	Putnam	1,660
		6	Cabell	1,559
		7	Hancock	1,544
		8	Monongalia	1,516
	*	9	Gilmer	1,505
	*	10	Doddridge	1,485
		11	Ohio	1,460
		12	Brooke	1,446
		13	Marion	1,438
		14	Mason	1,434
**	*	15	Grant	1,387
		16	Wood	1,374
		17	Wetzel	1,368
		18	Jefferson	1,344
		19	Jackson	1,344
	*	20	Lewis	1,327
	*	21	Tyler	1,322
			State Avg	$1,239
		22	Harrison	1,219
	*	23	Preston	1,166
		24	Raleigh	1,156
		25	Upshur	1,137
		26	Mineral	1,111
		27	Mingo	1,101
	*	28	Morgan	1,100
	*	29	Ritchie	1,070
		30	Berkeley	1,054
		31	Mercer	998
		32	Fayette	981
		33	Logan	974
**	*	34	Tucker	930
		35	Wyoming	922
	*	36	Nicholas	915
**	*	37	Webster	914
		38	McDowell	899
	*	39	Hampshire	891
**	*	40	Pocahontas	885
		41	Wayne	849
	*	42	Greenbrier	827
		43	Taylor	805
	*	44	Wirt	787
		45	Lincoln	717
**	*	46	Hardy	703
**	*	47	Pendleton	682
**	*	48	Randolph	656
**	*	49	Braxton	624
	*	50	Monroe	617
**	*	51	Roane	615
**	*	52	Summers	569
**	*	53	Barbour	548
**	*	54	Calhoun	510
**	*	55	Clay	491

Data Source: 1991 Tax Year, West Virginia Department of Tax and Revenue; School Finance Division, WV Department of Education, 1991-92

Overview of Section One

Due to the differences in property wealth, the mix of property categories, and the excess levy funds, Pleasants County provided seven times the amount of local funds for educational support than Clay County. Even though Lincoln County had $14,670 less per student in assessed property values than Monroe County, Lincoln County generated $100 more per student in total local funds due to its respective property mix and to resident tax effort on the excess levy. Thirteen counties did not pass the excess levy which represented a loss of local revenue of approximately $15 million for those counties or over $500 per pupil. An additional $475,000 was lost in local support due to the legislative reduction in the regular levy rates; and six million dollars was lost in excess levy revenue for the 10 school districts that did not exercise the maximum excess levy rates. Class III and Class IV property values represent 63 percent of total assessed property and 83 percent of local revenue generated from all property tax levies. Total local education support ranged from $491 to $3,473 per student.

The next section examines the components of total revenue available in a school district in 1991-92. Some of the major questions are: Will total per pupil revenue be a reflection of property wealth? Will state aid equalize local support? In other words, will school districts with low property values have low per pupil education funding and school districts with high property values have high education support?

II

Per Pupil Revenue 1991-92

Equalization of Local Funds

The major source of state funding for public elementary and secondary education is through the state aid formula, also referred to as the basic education foundation program funding formula. The state aid formula includes the cost of professional educators, service personnel, fixed charges, transportation, administrative costs, current expenses and substitute employees, and the improvement of instructional programs. Calculations of the costs of these seven categories, with the exception of transportation, are based on adjusted enrollment. As noted in the definition section, adjusted enrollment is 105,215 more students than net enrollment. Justification for using adjusted enrollment in the funding formula instead of actual student count is one way of representing special needs of children in the school district. After the costs of the seven categories have been calculated the local share is subtracted. The remaining amount is the state's share of the foundation program or state aid.

A summary of the basic education foundation costs, local share, and state aid for the 55 school districts in 1991-92 are as follows:

Basic Foundation Costs (sum of 7 categories):	$1,119,780,303
Less Local Share:	-158,203,891 [15]
Equals State Aid:	$961,576,412

The local share presented above is $13 million less than the net regular levy revenue presented in Table 3. Because the net regular levy revenue is available to the local school districts, the $13 million difference will be included in other local revenue later on in this section.

In theory, state aid is allocated in inverse proportion to local support. If state equalization of local funds has occurred there will be a small per student difference between the highest and lowest ranking school districts on local share plus state aid. In Table 6, the school districts are arrayed on local share plus state aid per adjusted enrollment with (1) the corresponding local share funds and rank; and (2) with the per pupil difference from the highest to the lowest ranking school districts. If perfect equalization had occurred the lowest ranked local share school districts per student in adjusted enrollment would have the highest ranking on state aid in Table 6 and vise versa.

[15] *Public Education in West Virginia: Source Book, 1992, West Virginia State Department of Education*

Table 6

Local Share & Basic State Aid Per Pupil in Adjusted Enrollment
West Virginia
Public Elementary and Secondary Schools, 1991-92

No Excess Levy	RURAL		School Districts	91-92 Local Share Per Adj Enroll	Rank	Total State Aid Per Adj Enroll	Rank	Local Share + State Aid Per Adj Enroll	Per Pupil Difference From Highest Ranking
		Rank							
**	*	1	Pocahontas	540	5	2,511	11	3,051	0
**	*	2	Pendleton	327	31	2,579	4	2,907	144
	*	3	Morgan	294	43	2,597	2	2,890	161
		4	Mason	441	13	2,428	21	2,869	182
**	*	5	Hardy	469	12	2,397	23	2,866	185
**	*	6	Grant	864	2	1,993	53	2,857	194
**	*	7	Barbour	283	46	2,568	7	2,851	200
**	*	8	Webster	501	8	2,343	30	2,844	207
**	*	9	Summers	271	48	2,569	6	2,839	212
	*	10	Lewis	471	11	2,367	27	2,838	213
**	*	11	Calhoun	328	30	2,502	14	2,830	221
		12	Taylor	291	44	2,539	9	2,829	222
	*	13	Wirt	243	52	2,576	5	2,819	232
**	*	14	Braxton	363	26	2,455	19	2,818	233
	*	15	Monroe	202	54	2,611	1	2,813	238
		16	McDowell	216	53	2,595	3	2,811	240
		17	Mineral	326	32	2,481	16	2,807	244
	*	18	Ritchie	410	20	2,396	24	2,806	245
		19	Upshur	302	39	2,491	15	2,792	259
		20	Logan	288	45	2,504	12	2,792	259
		21	Wayne	266	49	2,525	10	2,792	259
**	*	22	Clay	320	35	2,469	18	2,789	262
**	*	23	Tucker	516	6	2,251	39	2,767	284
	*	24	Gilmer	606	4	2,158	45	2,764	287
**	*	25	Randolph	252	51	2,502	13	2,754	297
		26	Pleasants	1,206	1	1,539	55	2,745	306
		27	Lincoln	192	55	2,546	8	2,738	313
**	*	28	Roane	257	50	2,477	17	2,734	317
		29	Mingo	320	34	2,414	22	2,734	317
		30	Wyoming	283	47	2,451	20	2,734	317
	*	31	Preston	325	33	2,392	25	2,717	334
		32	Jefferson	392	22	2,317	31	2,709	342
		33	Wetzel	397	21	2,304	34	2,701	350
	*	34	Greenbrier	335	29	2,362	29	2,697	354
		35	Mercer	308	37	2,383	26	2,691	360
	*	36	Doddridge	428	17	2,246	40	2,674	377
		37	Raleigh	303	38	2,364	28	2,668	383
	*	38	Tyler	381	23	2,270	35	2,651	400
		39	Kanawha	492	10	2,148	46	2,640	411
		40	Cabell	434	15	2,200	44	2,635	416
	*	41	Nicholas	314	36	2,315	32	2,629	422
		42	Harrison	359	27	2,261	37	2,620	431
		43	Wood	363	25	2,245	41	2,608	443
		44	Fayette	301	40	2,306	33	2,608	443
		45	Boone	495	9	2,111	50	2,606	445
		46	Brooke	376	24	2,229	42	2,605	446
		47	Hancock	513	7	2,090	51	2,604	447
		48	Jackson	357	28	2,218	43	2,576	475
		49	Berkeley	294	42	2,269	36	2,563	488
	*	50	Hampshire	296	41	2,261	38	2,557	494
		51	Marion	416	18	2,134	47	2,550	501
		52	Monongalia	413	19	2,132	48	2,546	505
		53	Ohio	428	16	2,113	49	2,541	510
		54	Marshall	631	3	1,883	54	2,513	538
		55	Putnam	435	14	2,061	52	2,496	555 ◀
			State Avg	$378		$2,299		$2,725	

Data Source: School Finance Division, West Virginia State Department of Education, 1991-92

Pocahontas County emerged as the highest ranked school district on local share plus state aid with $3,051 per pupil in adjusted enrollment and a rank of fifth on local share. Putnam County emerged as the lowest ranking school district with $2,496 per pupil and a rank of 14th on local share. The overall difference between the two school districts was $555 per pupil inadjusted enrollment.

Did equalization of local funds occur by application of the basic education foundation funding formula? That depends on the definition of the justified and allowable difference in per pupil revenue. If one considers a per pupil difference of $555 relative to adjusted enrollment to be equitable, then equalization of local regular levy funds did occur.

The remaining revenue per student tables and discussion will focus on the number of actual students that attended the school districts and will be based on net enrollment. Table 7 represents the same information as Table 6, but with net enrollment as the base. In Table 7, the per student difference in net enrollment from the highest ranked school district on local share plus state aid to the lowest ranked school district is $863, compared to a per pupil difference of $555 presented in Table 6. But, the enrollment base in Table 7 is 105,215 students less than in Table 6, the difference between adjusted enrollment and the number of students actually attending the public schools. With net enrollment as the base, Pendleton County emerged as the top ranking school district on local share plus state aid with $4,145 per pupil. The revenue per pupil for Hancock County students was $863 less than for Pendleton County students on this category.

State programs and categorical grants are added to the local share plus state aid funds in Table 8. Programs such as Regional Educational Service Agencies (RESA), Regional Vocational Schools, Special Education, Transitional Rural Assistance, Increased Enrollment, Competitive Grants, Teacher Induction, Technology Grants, Food Service, and Basic Skills are included. Additional revenue of $38,377,049 was received by the school districts for these and other special programs.

Tucker County received the greatest per pupil revenue from state programs and grants in the amount of $365 compared to $79 received by Mingo County. With the addition of state programs and grants to the local share plus state aid revenue the difference from the highest ranked school district, Pendleton County, to the lowest ranked school district, Hancock County, is $1,000 per student. Part of the explanation for this overall difference may be in the $1,000,000 allocated to certain rural counties for rural assistance, and the $1,812,906 allocated to 26 counties for increased enrollment.

No Excess Levy	RURAL	School Districts	91-92 LOCAL SHARE Per Net Enroll		Total STATE AID Per Net Enroll		Local Share + State Aid Per Net Enroll	Per Pupil Difference From Highest Ranking
		Rank		Rank		Rank		
**	*	1 Pendleton	467	29	3,678	1	4,145	0
**	*	2 Hardy	660	9	3,374	15	4,034	111
**	*	3 Pocahontas	706	6	3,286	20	3,992	153
		4 Mason	610	13	3,359	16	3,969	176
**	*	5 Calhoun	460	30	3,508	4	3,968	177
**	*	6 Braxton	509	25	3,447	11	3,956	189
	*	7 Gilmer	860	4	3,061	37	3,921	225
		8 Mineral	453	31	3,453	10	3,906	239
	*	9 Morgan	394	41	3,489	6	3,883	262
**	*	10 Tucker	720	5	3,144	28	3,865	281
		11 Taylor	396	40	3,463	9	3,859	286
	*	12 Wirt	331	52	3,516	2	3,848	298
	*	13 Lewis	639	12	3,209	23	3,847	298
**	*	14 Randolph	352	50	3,491	5	3,843	303
**	*	15 Summers	366	46	3,473	8	3,839	307
**	*	16 Webster	675	7	3,154	27	3,829	317
	*	17 Ritchie	559	19	3,267	21	3,826	319
**	*	18 Grant	1,151	2	2,656	53	3,806	339
**	*	19 Barbour	377	45	3,416	12	3,793	352
	*	20 Tyler	544	20	3,245	22	3,789	356
	*	21 Preston	453	32	3,331	18	3,783	362
		22 Lincoln	265	54	3,511	3	3,775	370
		23 McDowell	290	53	3,480	7	3,770	375
**	*	24 Roane	355	49	3,412	13	3,766	379
		25 Upshur	405	37	3,341	17	3,746	400
**	*	26 Clay	427	33	3,296	19	3,723	422
	*	27 Doddridge	591	15	3,103	31	3,694	451
		28 Wetzel	541	21	3,141	29	3,682	463
		29 Cabell	606	14	3,073	36	3,680	466
	*	30 Monroe	264	55	3,402	14	3,666	479
		31 Brooke	521	23	3,092	33	3,613	532
		32 Pleasants	1,586	1	2,023	55	3,609	537
	*	33 Hampshire	417	36	3,188	24	3,605	541
		34 Wood	501	26	3,098	32	3,600	546
		35 Marshall	898	3	2,679	52	3,576	569
	*	36 Nicholas	423	34	3,117	30	3,541	605
		37 Harrison	485	28	3,056	38	3,540	605
		38 Jefferson	512	24	3,025	41	3,537	608
		39 Logan	365	47	3,172	26	3,537	609
		40 Boone	670	8	2,857	48	3,528	618
		41 Jackson	488	27	3,032	40	3,521	625
		42 Kanawha	655	10	2,861	47	3,515	630
		43 Wayne	335	51	3,176	25	3,511	635
		44 Mercer	399	38	3,085	35	3,484	661
		45 Marion	566	18	2,909	46	3,475	670
		46 Wyoming	356	48	3,087	34	3,443	702
		47 Ohio	578	17	2,850	49	3,427	718
		48 Raleigh	389	42	3,033	39	3,422	723
		49 Berkeley	389	43	3,006	42	3,395	751
		50 Mingo	397	39	2,994	43	3,391	754
		51 Putnam	586	16	2,782	50	3,368	777
	*	52 Greenbrier	418	35	2,948	44	3,366	780
		53 Fayette	382	44	2,928	45	3,310	835
		54 Monongalia	537	22	2,772	51	3,309	837
		55 Hancock	647	11	2,635	54	3,282	863 ◀
		State Avg	$505		$3,071		$3,576	

Table 7
Local Share & Basic State Aid Per Pupil in Net Enrollment
West Virginia Public Elementary and Secondary Schools, 1991-92

Data Source: School Finance Division, West Virginia State Department of Education, 1991-92

Table 8

Other State Programs and Grants Per Pupil in Net Enrollment West Virginia Public Elementary and Secondary Schools, 1991-92

No Excess Levy	RURAL		School Districts	OTHER STATE PROGRAMS & GRANTS Per Pupil in Net Enrollment	Rank	Local Share + State Aid + OTHER STATE PROGRAMS	Per Pupil Difference From Highest Ranking
		Rank			Rank		
**	*	1	Pendleton	238	5	4,384	0
**	*	2	Pocahontas	278	3	4,271	113
**	*	3	Hardy	220	7	4,254	129
**	*	4	Tucker	365	1	4,229	155
**	*	5	Calhoun	156	19	4,124	259
	*	6	Gilmer	203	10	4,124	260
	*	7	Wirt	246	4	4,093	290
	*	8	Morgan	199	11	4,082	301
**	*	9	Braxton	115	37	4,071	313
		10	Mason	98	45	4,067	317
		11	Mineral	139	25	4,045	339
	*	12	Ritchie	212	8	4,038	346
**	*	13	Randolph	171	13	4,014	369
		14	Taylor	149	22	4,009	375
**	*	15	Webster	152	21	3,981	403
	*	16	Doddridge	281	2	3,975	409
	*	17	Lewis	122	31	3,969	414
**	*	18	Grant	163	16	3,969	414
**	*	19	Summers	117	35	3,955	428
	*	20	Tyler	164	15	3,953	430
**	*	21	Barbour	143	23	3,937	447
**	*	22	Roane	162	17	3,928	455
	*	23	Monroe	226	6	3,892	492
	*	24	Preston	104	43	3,887	497
**	*	25	Clay	153	20	3,876	507
		26	Lincoln	97	46	3,872	512
		27	Upshur	116	36	3,861	522
		28	McDowell	88	52	3,858	526
		29	Pleasants	212	9	3,820	563
		30	Wetzel	119	32	3,802	582
		31	Cabell	119	33	3,799	585
	*	32	Hampshire	181	12	3,786	598
		33	Brooke	131	27	3,744	640
		34	Wood	119	34	3,718	665
		35	Marshall	106	42	3,683	701
		36	Jackson	161	18	3,682	702
	*	37	Nicholas	133	26	3,673	710
		38	Jefferson	131	28	3,668	716
		39	Harrison	125	30	3,665	718
		40	Boone	107	40	3,634	749
		41	Logan	89	51	3,626	757
		42	Kanawha	107	39	3,623	761
		43	Wayne	85	54	3,596	788
		44	Mercer	87	53	3,571	813
		45	Marion	92	50	3,567	816
		46	Berkeley	170	14	3,564	819
		47	Ohio	114	38	3,541	843
		48	Wyoming	95	48	3,538	846
		49	Raleigh	96	47	3,518	865
		50	Putnam	141	24	3,509	875
	*	51	Greenbrier	107	41	3,473	911
		52	Mingo	79	55	3,470	913
		53	Monongalia	127	29	3,436	948
		54	Fayette	93	49	3,403	980
		55	Hancock	102	44	3,384	1,000 ◀
			State Avg	$123		$3,699	

Data Source: School Finance Division, West Virginia State Department of Education, 1991-92

In Table 9, federal revenue is added to the previous revenue categories of local share plus state aid and state grants and programs. The per pupil difference from the highest ranked school district in Table 9, Pendleton County, to the lowest ranked school district, Hancock County, is $1,363.

Table 10 includes revenue from other local sources. This includes the $13,000,000 difference in the State Department of Education computed local share and the computed net regular levy revenue as shown in Table 3; local interest on investments, and miscellaneous other local revenue. With the inclusion of other local revenue the per student difference from the highest ranking school district, Pendleton County (student population, 1,410), to the lowest ranking school district, Hancock County (student population, 5,177) has increased to $1,430.

All 13 counties that did not pass the excess levy rank in the top 20 school districts for per pupil revenue that includes state aid, local share, other local revenue, and federal revenue. Greenbrier County is the only rural county that ranks in the lower third of the school districts on revenue received in these categories. Without the inclusion of excess levy funds, the majority of the rural school districts and particularly the rural school districts that did not pass the excess levy, rank in the top half of the school districts on per pupil revenue. Thirty-four school districts rank above the state per pupil average of $4,321; twenty-four of the 34 are rural. The school districts that did not pass the excess levy have a revenue range from $4,629 to $5,188 per pupil compared to the 21 lowest ranked school district's revenue range of $4,318 to $3,758 per pupil.

Of the 313,121 students in net enrollment in 1991-92, 64,174 are located in rural school districts and 248,947 in non-rural school districts. The rural counties that did not pass the excess levy contain 29,804 students for an average student population of 2,293 per school district. The non-rural school districts have an average 8,298 students per school district and the 12 rural school districts that passed the excess levy have an average 2,864 students per school district. The largest school district in the state, Kanawha County, with a student population of 33,189, ranks forty-fourth on these revenue categories with $4,177 revenue per pupil. This represents $1,000 less in per pupil revenue received by Kanawha County than by Pendleton County School District that has a student population of 1,410.

The final revenue table adds excess levy funds to the previous revenue categories presented. With the inclusion of excess levy funds the per student revenue difference from the highest ranked school district to the lowest increases to $1,802. Pleasants County School District has a total per student revenue of $6,049 compared to Greenbrier County School District with $4,247; a difference of $1,802 per pupil in total revenue received in 1991-92. The state per pupil revenue average was $4,825.

Table 9

Federal Revenue Per Pupil in Net Enrollment West Virginia Public Elementary and Secondary Schools, 1991-92

No Excess Levy	RURAL		School Districts	FEDERAL FUNDS Per Pupil		Local Share, State Aid, State Grants & Programs, & FEDERAL	Per Pupil Difference From Highest Ranking
		Rank			Rank		
**	*	1	Pendleton	589	8	4,973	0
**	*	2	Tucker	624	4	4,853	120
**	*	3	Webster	744	1	4,725	248
	*	4	Gilmer	555	10	4,679	294
**	*	5	Hardy	422	25	4,676	297
**	*	6	Braxton	596	6	4,667	306
**	*	7	Pocahontas	363	39	4,633	339
**	*	8	Calhoun	493	15	4,618	355
	*	9	Doddridge	605	5	4,580	393
**	*	10	Clay	689	2	4,566	407
		11	McDowell	661	3	4,519	454
**	*	12	Summers	551	11	4,507	466
**	*	13	Randolph	487	16	4,501	472
	*	14	Monroe	588	9	4,480	493
	*	15	Wirt	383	36	4,476	496
**	*	16	Roane	534	13	4,463	510
**	*	17	Barbour	522	14	4,458	514
		18	Taylor	448	21	4,457	516
		19	Mineral	409	29	4,454	519
	*	20	Lewis	475	17	4,444	528
**	*	21	Grant	463	18	4,432	541
	*	22	Ritchie	383	37	4,420	552
		23	Lincoln	543	12	4,415	557
	*	24	Morgan	327	45	4,409	564
		25	Mason	339	44	4,406	567
	*	26	Tyler	397	32	4,350	623
	*	27	Preston	413	27	4,300	673
		28	Upshur	399	31	4,260	712
	*	29	Hampshire	433	23	4,219	754
		30	Cabell	384	35	4,183	790
		31	Pleasants	341	43	4,161	812
		32	Harrison	426	24	4,091	882
		33	Wetzel	288	50	4,090	883
	*	34	Nicholas	410	28	4,084	889
		35	Mingo	594	7	4,064	908
		36	Brooke	304	48	4,048	925
		37	Logan	400	30	4,026	947
		38	Boone	387	34	4,021	951
		39	Mercer	445	22	4,016	956
		40	Wayne	418	26	4,014	959
		41	Wyoming	461	19	3,999	974
		42	Wood	277	53	3,995	978
		43	Marshall	312	46	3,995	978
		44	Jackson	310	47	3,992	981
		45	Jefferson	303	49	3,971	1,001
		46	Ohio	388	33	3,929	1,044
		47	Berkeley	356	41	3,920	1,053
		48	Marion	345	42	3,912	1,060
		49	Kanawha	284	52	3,907	1,066
		50	Raleigh	357	40	3,876	1,097
		51	Fayette	449	20	3,852	1,121
	*	52	Greenbrier	365	38	3,834	1,135
		53	Putnam	255	54	3,764	1,209
		54	Monongalia	287	51	3,723	1,250
		55	Hancock	226	55	3,610	1,363 ◀
			State Avg	$393		$4,091	

Data Source: School Finance Division, West Virginia State Department of Education, 1991-92

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As noted earlier, the local revenue from the excess levy cannot be included in the local share of the basic education foundation costs and consequently is not equalized. Therefore, school districts with high assessed valuation of property have a greater fiscal capacity to contribute extra revenue per student than school districts with low property values when applying the identical levy rates.

With the inclusion of the excess levy funds, the thirteen school districts that did not pass the excess levy are no longer ranked in the top twenty school districts. But, eight school districts that passed the excess levy have lower per pupil revenue than the 13 that did not. Mercer, Berkeley, Nicholas, Wyoming, Wayne, Hancock, Fayette, and Greenbrier counties have less total revenue per student than the 13 counties that did not pass the excess levy. The eight lowest ranking per pupil revenue counties provided excess levy funds ranging from $749 per student in Hancock County to $213 per student in Nicholas County compared to $0 amount in the no excess levy counties.

The total amount of revenue received by the school districts in 1991-92 was $1,510,820,661. Of this amount, the state contributed $961,576,418 in state aid and over $38 million for other state programs and grants. The amount of local funds inside the equalization formula was 31 percent less than the amount of local funds outside the formula. Local funds outside the formula equaled $229,737,836 compared to $158,203,891 local share funds inside the formula. On an average, local revenue represented 26 percent of total school district revenue funds, with the state contributing 66 percent of the total, and the federal government, eight percent.

Table 10
Other Local Funds Per Pupil in Net Enrollment West Virginia Public Elementary and Secondary Schools, 1991-92

No Excess Levy	Rural		School Districts	OTHER LOCAL FUNDS Per Pupil		Local Share + State Aid + State Grants + Federal + OTHER LOCAL FUNDS	Per Pupil Difference From Highest Ranking
		Rank			Rank		
**	*	1	Pendleton	215	27	5,188	0
**	*	2	Tucker	210	28	5,062	125
**	*	3	Webster	239	20	4,964	224
	*	4	Gilmer	266	13	4,945	242
	*	5	Doddridge	261	14	4,841	346
**	*	6	Pocahontas	178	34	4,812	376
**	*	7	Randolph	304	6	4,806	382
		8	McDowell	277	11	4,796	391
**	*	9	Braxton	114	52	4,781	406
**	*	10	Roane	261	15	4,723	464
**	*	11	Hardy	43	55	4,719	469
**	*	12	Summers	203	30	4,710	478
**	*	13	Grant	236	22	4,668	520
**	*	14	Calhoun	50	54	4,668	520
	*	15	Monroe	173	37	4,653	534
	*	16	Morgan	226	24	4,635	552
		17	Taylor	177	36	4,633	554
**	*	18	Clay	64	53	4,629	558
**	*	19	Barbour	171	38	4,629	558
		20	Mineral	153	44	4,607	581
	*	21	Wirt	129	49	4,605	583
	*	22	Lewis	156	42	4,600	587
		23	Lincoln	179	33	4,594	593
		24	Mason	149	45	4,554	633
	*	25	Ritchie	125	50	4,545	642
		26	Upshur	247	16	4,508	680
		27	Pleasants	341	3	4,502	686
	*	28	Preston	193	32	4,493	694
	*	29	Tyler	135	47	4,485	703
		30	Cabell	246	17	4,429	758
	*	31	Nicholas	279	10	4,363	824
		32	Brooke	310	5	4,358	830
	*	33	Hampshire	118	51	4,337	850
		34	Boone	304	7	4,326	862
		35	Wetzel	229	23	4,318	869
		36	Wood	314	4	4,309	879
		37	Jackson	296	9	4,288	900
		38	Mingo	222	25	4,286	902
		39	Harrison	178	35	4,269	919
		40	Marshall	242	19	4,237	951
		41	Logan	202	31	4,228	959
		42	Raleigh	346	2	4,222	965
		43	Jefferson	242	18	4,214	974
		44	Kanawha	270	12	4,177	1,010
		45	Mercer	160	40	4,176	1,011
		46	Ohio	237	21	4,166	1,022
		47	Wyoming	158	41	4,157	1,031
		48	Wayne	134	48	4,148	1,039
		49	Putnam	375	1	4,139	1,049
		50	Marion	218	26	4,130	1,057
		51	Berkeley	208	29	4,128	1,059
		52	Monongalia	300	8	4,023	1,165
		53	Fayette	156	43	4,008	1,180
	*	54	Greenbrier	167	39	4,005	1,183
		55	Hancock	148	46	3,758	1,430 ◀
			State Avg	$230		$4,321	

Data Source: School Finance Division, West Virginia State Department of Education, 1991-92; & WV Department of Tax & Revenue, 1991 Tax Year

No Excess Levy	Rural		School Districts	91-92 EXCESS LEVY Per Pupil		TOTAL REV. LOCAL + STATE + FEDERAL + EXCESS LEVY	Per Pupil Difference From Highest Ranking
		Rank			Rank		
		1	Pleasants	1,547	1	6,049	0
	*	2	Doddridge	633	13	5,475	574
	*	3	Gilmer	379	34	5,324	725
		4	Marshall	1,006	2	5,243	806
		5	Mason	675	9	5,230	819
**	*	6	Pendleton	0	55	5,188	861
		7	Cabell	707	6	5,136	913
	*	8	Lewis	532	20	5,132	916
		9	McDowell	332	36	5,128	921
	*	10	Tyler	643	12	5,128	921
	*	11	Morgan	480	25	5,115	934
		12	Mineral	506	22	5,112	936
		13	Boone	746	5	5,072	977
**	*	14	Tucker	0	55	5,062	986
	*	15	Preston	520	21	5,013	1,035
		16	Upshur	485	23	4,993	1,056
		17	Brooke	615	14	4,972	1,076
**	*	18	Webster	0	55	4,964	1,085
		19	Kanawha	763	3	4,941	1,108
	*	20	Wirt	327	37	4,932	1,117
	*	21	Ritchie	386	32	4,931	1,118
		22	Wetzel	598	15	4,916	1,132
		23	Wood	559	18	4,868	1,180
		24	Lincoln	274	38	4,868	1,180
		25	Taylor	232	40	4,865	1,183
		26	Jackson	559	17	4,847	1,201
		27	Putnam	698	7	4,837	1,211
	*	28	Monroe	181	42	4,834	1,215
		29	Harrison	556	19	4,825	1,224
**	*	30	Pocahontas	0	55	4,812	1,237
		31	Ohio	645	11	4,811	1,237
**	*	32	Randolph	0	55	4,806	1,243
		33	Jefferson	589	16	4,803	1,246
		34	Marion	653	10	4,783	1,265
**	*	35	Braxton	0	55	4,781	1,267
		36	Mingo	483	24	4,769	1,280
**	*	37	Hardy	0	55	4,719	1,330
**	*	38	Summers	0	55	4,710	1,339
**	*	39	Roane	0	55	4,705	1,344
		40	Monongalia	678	8	4,701	1,347
	*	41	Hampshire	356	35	4,693	1,355
**	*	42	Grant	0	55	4,668	1,381
**	*	43	Calhoun	0	55	4,668	1,381
		44	Raleigh	421	29	4,643	1,406
		45	Logan	407	31	4,635	1,414
**	*	46	Clay	0	55	4,629	1,419
**	*	47	Barbour	0	55	4,629	1,420
		48	Mercer	439	28	4,615	1,434
		49	Berkeley	457	26	4,585	1,463
	*	50	Nicholas	213	41	4,576	1,472
		51	Wyoming	408	30	4,564	1,484
		52	Wayne	380	33	4,528	1,521
		53	Hancock	749	4	4,507	1,542
		54	Fayette	443	27	4,451	1,598
	*	55	Greenbrier	242	39	4,247	1,802 ◀
			State Avg	$557		$4,825	

Table 11
Excess Levy Revenue & Total Revenue Per Pupil in Net Enrollment West Virginia Public Elementary and Secondary Schools, 1991-92

Data Source: School Finance Division, West Virginia State Department of Education, 1991-92; WV Department of Tax & Revenue, 1991 Tax Year

Overview of Section Two

In 1991-92, total revenue received by the school districts was $1,510,820,661. The per pupil revenue ranged from a low of $4,247 in Greenbrier County to a high of $6,049 in Pleasants County with the state per pupil average being $4,825.

The state basic education foundation funding program equalized local wealth to within $555 per pupil difference in adjusted enrollment from the highest ranked school district on local share plus state aid and the lowest ranked school district. The same amount of revenue divided by actual student count, which is 105,215 students less than adjusted enrollment, equated to $863 per pupil difference from the highest ranking school district and the lowest.

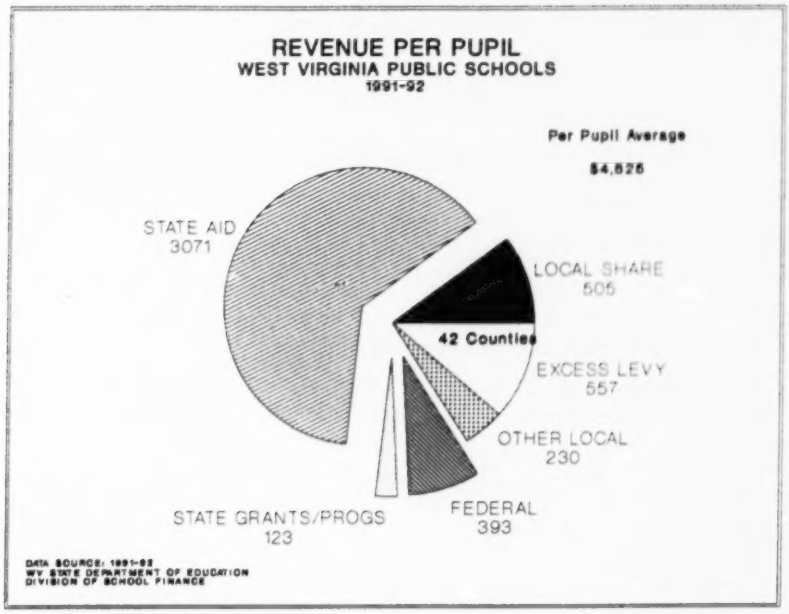
The total range in per pupil differences from the highest ranked school district to the lowest ranked school district in the components of total education revenue in 1991-92 are as follows:

	Total Range in Per Pupil Difference
Local Share + State Aid	$863
Plus Other State Programs and Grants	$1,000
Plus Federal Revenue	$1,363
Plus Other Local Funds	$1,430
Plus Excess Levy Revenue	$1,802

Presented below is a short overview of state and local revenue funds distributed inside and outside of the basic education foundation formula.

Source	Funds Inside the Formula	Source	Funds Outside the Formula
State Aid	$961,576,418	State Grants/Programs	$38,377,049
Local Share	$158,203,891	Other Local Revenue	$72,045,602
		Excess Levy Revenue	$157,692,234

Presented in Chart 2, is an overview of the components of revenue per pupil.



The third section of this report examines the ability of the local residents to pay taxes and to fund present and future educational services. Presently, the fiscal capacity of a county is measured by and limited to the assessed valuation of property in each county. But, as the next section will illustrate, property wealth is not a complete measure of the ability of the residents to pay taxes. Some counties have greater fiscal ability to support public elementary and secondary education than their property values indicate and other counties have less ability.

III

Differences in Resident Ability to Support Public Schools

Total assessed valuation of property, the mix of property classes, and the local residents' willingness to pass the excess levy are three indicators of why some counties are able to generate greater funds at the local level for educational purposes than other counties. One other major consideration is the residents' ability to pay taxes as measured by taxable personal income, percentage of residents age 65 and over, gross consumer sales, and the percentage of residents receiving public assistance. Several studies have indicated that personal income is generally accepted as the best available economic indicator of resident ability to pay taxes.[16]

Taxable Personal Income

Computation of West Virginia taxable personal income begins with federal adjusted gross income. A state personal income tax is imposed on the West Virginia taxable income of resident individuals, estates and trusts wherever income is earned. Taxable rates increase from three percent to 6.5 percent as taxable income increases.

The 55 counties ranged from a high of $74,276 per student in Ohio County to a low of $14,609 per student in Clay County on taxable personal income. The school districts are ranked from high to low on taxable personal income per student in Table 12, with the corresponding amount of revenue collected represented on a per pupil basis. Ohio County exhibits taxable personal income that is five times greater than Clay County, the lowest ranking county in the state in this category. Sixty percent of the school districts ranked below the state per student average of $32,469.

Wood, Berkeley, Greenbrier, Harrison, Jackson, Mercer, Mineral, Morgan, Monroe and Wetzel counties ranked above the state average on taxable personal income per student and below the state average on assessed valuation of property per student. Pleasants, Gilmer, Pocahontas, Tucker, Webster, Lewis, Boone, Mason, Pendleton, and Tyler counties ranked above the state average on assessed valuation of property per student and below the state average on taxable personal income per student. A comparison of the information from Table 1 and Table 12 points to a small relationship between property wealth and resident ability to pay taxes when ability is measured by taxable personal income.

[16] *See: Johns Morphet, & Alexander (1983), The Economics and Financing of Education, Prentice-Hall, Inc. p. 170. Odden, Alan, "Alternative Measures of School District Wealth," Journal of Education Finance, 2 (Winter, 1977): 364-366.*

Table 12

Taxable Personal Income Per Pupil In 1991-92 Net Enrollment, 1991 West Virginia Tax Year

No Excess Levy	Rural	Rank	School Districts	1991 Taxable Personal Income Per Pupil	1991 Revenue from Personal Income Tax Per Pupil
		1	Ohio	74,276	3,190
		2	Hancock	66,986	2,815
		3	Cabell	58,255	2,476
		4	Kanawha	56,035	2,393
		5	Monongalia	55,254	2,387
		6	Wood	48,273	1,995
		7	Jefferson	48,040	1,970
		8	Berkeley	44,179	1,773
		9	Putnam	42,642	1,763
		10	Marion	41,771	1,670
		11	Wetzel	41,101	1,638
		12	Brooke	40,716	1,658
		13	Harrison	38,640	1,601
	*	14	Monroe	37,558	1,438
		15	Mineral	37,017	1,445
		16	Mercer	36,892	1,522
		17	Marshall	36,067	1,438
	*	18	Greenbrier	34,846	1,427
	*	19	Morgan	34,434	1,329
**	*	20	Grant	34,114	1,334
**	*	21	Hardy	33,990	1,274
		22	Jackson	33,157	1,310
**	*	23	Randolph	31,690	1,261
		24	Raleigh	31,678	1,319
		25	Pleasants	31,133	1,219
	*	26	Lewis	31,042	1,185
	*	27	Tyler	30,659	1,222
		28	Mason	30,493	1,188
	*	29	Hampshire	29,782	1,120
**	*	30	Pocahontas	29,446	1,072
		31	Boone	29,259	1,178
	*	32	Nicholas	28,828	1,197
	*	33	Preston	28,452	1,097
**	*	34	Tucker	28,315	1,081
**	*	35	Pendleton	28,284	1,042
		36	Upshur	26,847	1,048
	*	37	Ritchie	26,458	988
	*	38	Wirt	25,420	949
		39	Fayette	25,299	987
	*	40	Gilmer	24,270	869
		41	Logan	24,111	989
**	*	42	Braxton	23,528	939
		43	Taylor	23,094	865
		44	Mingo	22,614	939
**	*	45	Summers	22,465	863
**	*	46	Barbour	21,025	787
**	*	47	Roane	20,232	758
		48	Wyoming	19,908	777
		49	Wayne	19,145	746
**	*	50	Webster	18,063	709
		51	Lincoln	17,300	647
**	*	52	Calhoun	16,707	612
		53	McDowell	16,384	639
	*	54	Doddridge	15,057	560
**	*	55	Clay	14,609	552
			State Avg	$32,469	$1,295

Data Source: 1991 Tax Year, West Virginia Department of Tax and Revenue; School Finance Division, WV Department of Education, 1991-92

Nineteen of the top twenty ranking counties on taxable personal income exercised both the regular and excess levies. On the same note, 12 of the 23 counties ranking below the state average on taxable personal income passed the excess levy, indicating that ability to pay taxes, as measured by taxable personal income, is not the only reason for passing or not passing the excess levy.

Differences in Gross Consumer Sales

Ohio County exhibits 28 times the gross consumer sales per student than Doddridge County, the lowest ranking county in this category, and over one-and-one-half times that of Cabell County, the second ranking county in the state on gross consumer sales per student. The differences in gross consumer sales per student among the 55 counties ranges from a low of $7,515 in Doddridge County to a high of $213,679 in Ohio County with the state per student average being $42,856. The ranking of the 55 counties on gross consumer sales per student is presented in Table 13 with the corresponding per student tax revenue derived from consumer sales.

The consumers sales tax is imposed on the sale or lease of tangible personal property and the furnishing of certain services.[17] Gross consumer sales are reported by businesses on their consumer sales tax returns. Not all of the consumer sales tax collections for a particular county are reflected in the information presented. A tax analyst from the Department of Tax and Revenue stated that in most instances, large multi-state corporations file only one consumer sales tax return monthly for all their business locations in West Virginia, usually from an out-of-state location.[18] These data are only available on a calendar year basis.

A more correct measure concerning the comparison of consumer sales among the counties would have been the tax revenue collected on the sales. The magnitude of the reported gross consumer sales by county is not reflective of the magnitude of the tax revenue collected from the sales.

[17] *West Virginia Tax Laws, 1991, West Virginia Department of Tax and Revenue.*

[18] *Correspondence of November 7, 1991, West Virginia Department of Tax and Revenue.*

Table 13
1991 Gross Consumer Sales Per Pupil In 1991-92 Net Enrollment, West Virginia

No Excess Levy	Rural	Rank	School Districts	1991 Gross Consumer Sales Per Pupil	Revenue Consumer Sales Tax Per Pupil
		1	Ohio	213,679	3,513
		2	Cabell	128,714	2,646
		3	Kanawha	108,234	1,887
**	*	4	Pocahontas	81,211	1,809
		5	Mercer	77,730	1,484
**	*	6	Hardy	74,924	762
	*	7	Greenbrier	70,321	1,827
		8	Wood	60,485	1,401
		9	Mingo	58,879	575
		10	Monongalia	58,837	1,588
**	*	11	Randolph	49,098	768
		12	Hancock	48,403	1,269
		13	Harrison	48,311	1,080
		14	Marion	48,173	1,152
		15	Berkeley	46,250	1,602
		16	Raleigh	45,835	1,424
	*	17	Ritchie	44,860	1,107
		18	Marshall	43,923	1,070
		19	Fayette	41,072	1,385
	*	20	Preston	40,659	570
		21	Logan	39,142	727
**	*	22	Grant	38,512	680
		23	Brooke	38,486	652
**	*	24	Braxton	37,786	1,177
**	*	25	Tucker	37,506	1,311
	*	26	Morgan	37,407	804
		27	Wayne	37,143	829
	*	28	Lewis	36,949	775
		29	Jefferson	35,695	913
		30	Taylor	34,717	857
		31	Putnam	33,728	686
		32	Upshur	33,681	908
	*	33	Nicholas	33,392	671
		34	Wetzel	32,340	986
		35	Pleasants	32,016	587
		36	Mason	30,283	460
		37	Jackson	30,073	605
	*	38	Gilmer	29,910	538
		39	Boone	29,035	937
**	*	40	Roane	28,773	649
		41	Mineral	27,449	541
	*	42	Hampshire	27,096	702
**	*	43	Webster	26,164	535
**	*	44	Barbour	24,487	671
**	*	45	Summers	23,668	457
		46	McDowell	22,434	345
**	*	47	Pendleton	21,280	666
		48	Wyoming	18,270	463
	*	49	Monroe	18,074	382
**	*	50	Calhoun	15,179	410
**	*	51	Clay	14,039	321
	*	52	Tyler	13,339	416
		53	Lincoln	11,155	332
	*	54	Wirt	10,786	317
	*	55	Doddridge	7,515	222
			State Avg	$42,856	$935

Data Source: 1991 Tax Year, West Virginia Department of Tax and Revenue; School Finance Division, WV Department of Education, 1991-92

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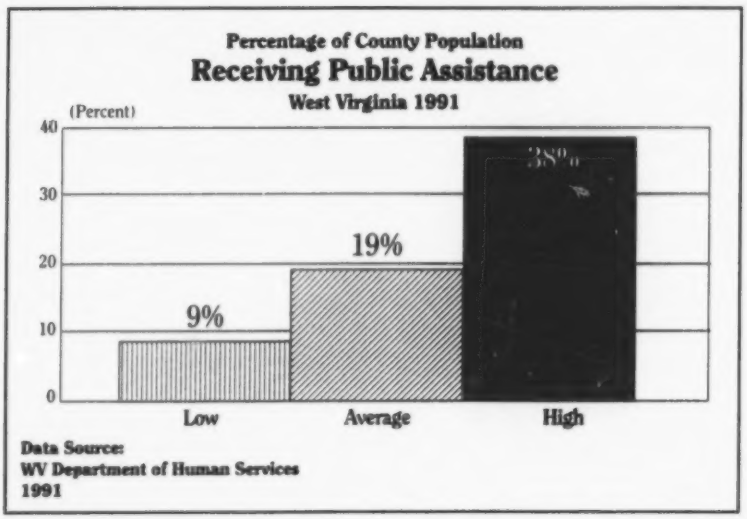
Public Assistance Rate

The percentage of population receiving public assistance ranged from a low of nine percent in Jefferson County to a high of 38 percent in Clay County in 1991. Twenty-five counties have a public assistance rate greater than the state average of 19.4 percent. Twenty of these 25 counties have a greater than state average percentage of the population with less than a ninth grade education; and 24 of the 25 counties have less than the state average mean household income. Of these 25 counties, Boone, Lewis, and Webster have above the state average in per pupil property wealth.



Public Assistance is defined as the percentage of population that is receiving AFDC, AFDC-U, and non-public assistance food -stamps. Aid for Families with Dependent Children (AFDC) is a program that provides cash and medical assistance to single parents that are without income but with dependent children. The U in AFDC-U represents unemployed.

In Table 14, the 55 counties are arrayed from low to high on the percentage of county population receiving public assistance and other demographics. Note the high percentage rate of the population with less than a ninth grade education for the 13 counties that did not pass the excess levy. Also, note the high relationship between income, education level, and public assistance rate among all the counties. The public assistance rate is almost identical to the county poverty rate. Also, counties that have a high public assistance rate tend to have low taxable personal income and vise versa.

Table 14

Ranking: Percentage of Population Receiving Public Assistance and Other County Demographics, West Virginia

No Excess Levy	RURAL	School Districts	1991 % Public Assist Rate	1990 % Less Than 9th Grade Education	1990 % College Education	1990 Mean House Hold Income
		Jefferson	9.0	8.0	16.2	36,675
		Hancock	9.1	8.7	8.9	31,647
		Brooke	9.4	8.5	12.2	30,668
		Berkeley	9.5	9.0	11.9	31,242
		Monongali	9.9	6.0	28.1	29,835
		Putnam	10.6	8.1	13.3	32,196
**	*	Hardy	12.1	17.6	7.3	25,959
	*	Morgan	12.3	11.6	11.8	29,498
		Ohio	12.4	7.4	18.4	29,703
		Marshall	12.6	8.5	9.7	28,853
**	*	Pendleton	13.1	18.7	8.2	24,257
**	*	Grant	13.6	16.5	8.6	27,421
		Wood	14.0	7.9	13.5	30,206
		Mineral	14.2	7.7	10.4	26,954
		Pleasants	14.7	11.8	8.5	26,594
	*	Monroe	15.0	14.9	8.0	22,963
		Kanawha	15.1	8.0	17.6	31,422
**	*	Tucker	15.3	11.7	8.6	22,921
	*	Greenbrie	15.4	12.7	11.5	25,183
	*	Hampshire	15.6	13.7	9.0	26,369
		Cabell	15.9	7.8	18.9	29,400
**	*	Pocahonta	16.2	17.0	9.7	21,689
	*	Tyler	16.6	11.1	9.0	25,925
		Jackson	16.8	11.7	8.7	26,136
		Marion	17.3	8.4	12.5	25,582
		Harrison	18.1	8.1	13.5	26,316
		Raleigh	18.6	11.8	10.7	26,709
		Wetzel	18.6	9.4	10.4	27,450
		Mason	18.8	13.2	6.8	24,874
	*	Preston	19.2	13.1	8.3	24,659
		Wayne	19.6	11.9	9.0	25,071
	*	Ritchie	19.7	13.1	6.0	23,642
**	*	Randolph	20.3	12.4	11.9	23,657
**	*	Roane	21.1	15.8	6.6	20,243
		Mercer	21.1	11.4	11.6	26,279
		Upshur	21.4	12.5	12.0	23,693
		Taylor	21.8	11.7	8.1	22,760
		Fayette	22.3	14.4	8.8	22,553
	*	Nicholas	22.3	13.6	8.0	23,069
	*	Doddridge	22.5	13.3	10.3	21,666
		Boone	23.1	14.4	6.4	24,613
		Logan	24.2	15.5	6.3	24,203
	*	Wirt	24.3	11.0	8.0	21,745
**	*	Summers	24.9	16.2	8.5	20,716
	*	Lewis	25.3	14.3	8.2	22,041
**	*	Barbour	25.3	14.2	10.1	21,330
**	*	Braxton	26.5	17.4	8.1	21,341
	*	Gilmer	26.5	15.3	14.2	21,362
		Wyoming	26.7	15.5	6.2	22,897
		Mingo	30.1	16.1	6.6	23,843
**	*	Calhoun	30.6	18.7	6.8	19,095
		Lincoln	32.5	18.8	4.7	20,207
		McDowell	32.7	20.0	4.6	18,919
**	*	Webster	36.4	21.9	5.6	18,035
**	*	Clay	38.1	18.4	6.2	18,365
		State Avg	19.4	12.8	10.1	$25,102

Data Source: West Virginia Department of Human Services, FY 1991; 1990 U.S. Census (West Virginia)

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Comparison of Overall Rankings by County

County rankings for each of the following categories are found in Table 15: assessed valuation of property, net regular levy revenue, excess levy revenue, total levy revenue, gross consumer sales, taxable personal income, percentage of population receiving public assistance, and percentage of population age 65 and over.[19] The rankings presented in this table allow for the comparison of property wealth and different measures of resident fiscal ability. If, for example, a high relationship existed between property values and taxable personal income or gross consumer sales, then the rankings for these categories by county would be similar.

Pleasants County has a rank of number one in the state on property values and local school support, thirty-fifth on consumer sales, and twenty-fifth on taxable personal income. Ohio County has a rank of number one on taxable personal income and gross consumer sales, ninth on property values, and eighteenth on regular levy revenue. Wood County ranks twenty-fourth on property values, eighth on gross consumer sales, and sixth on taxable personal income; and Wayne County ranks fifty-first on property, twenty-seventh on taxable personal income, and forty-ninth on gross consumer sales. Because the rankings of income and sales are not similar to the rankings of property values for most of the counties, then the assumption would be that the relationship between property wealth and resident ability to pay taxes is small.

Statistical Relationships

A more technical method of measuring the relationship between two variables than the ranking method presented in Table 15 is with correlation analysis. The correlation between assessed valuation of property per student and taxable personal income per student is 0.36, indicating a positive but small relationship between local property wealth and resident ability to pay taxes, when ability is measured by taxable personal income. The higher the correlation value (± 1.0 being a perfect correlation), the greater the indication that two variables move together (i.e., as one goes up the other goes up or as one goes down the other goes down). The correlation between the regular levy revenue per student and assessed property values per student is 0.97. This indicates that when assessed property values are high, regular levy revenue for school services is also high, or

[19] *See Appendix D for the Percentage of the Population Age 65 and Over; and selected population below the poverty level.*

Table 15
Comparison of Overall Rankings by County

No Excess Levy			#1 Property Rank	#2 Net Regular Levy	#3 Excess Levy Rank	#4 Total Local Revenue	#5 Taxable Personal Income	#6 Gross Consumer Sales	#7 Public Assist 1=Low	#8 =>65 High-Low 1=Low
		Pleasants	1	1	1	1	25	35	15	18
**	*	Grant	2	2	49	15	20	22	12	23
		Marshall	3	3	2	2	17	18	10	25
	*	Gilmer	4	4	34	9	40	38	47	38
**	*	Pocahontas	5	7	49	40	30	4	22	54
**	*	Hardy	6	11	49	46	21	6	7	27
		Kanawha	7	8	3	4	4	3	17	31
		Cabell	8	16	6	6	3	2	21	40
		Ohio	9	18	11	11	1	1	9	55
**	*	Tucker	10	5	49	34	34	25	18	43
**	*	Webster	11	6	49	37	50	43	54	30
		Hancock	12	9	4	7	2	12	2	35
		Putnam	13	13	7	5	9	31	6	4
		Monongalia	14	15	8	8	5	10	5	2
		Marion	15	17	10	13	10	14	25	53
	*	Lewis	16	12	20	20	26	28	45	41
		Boone	17	10	5	3	31	39	41	8
		Jefferson	18	24	16	18	7	29	1	5
		Mason	19	14	9	14	28	36	29	16
**	*	Pendleton	20	29	49	47	35	47	11	49
	*	Tyler	21	19	12	21	27	52	23	28
		Brooke	22	21	14	12	12	23	3	39
		Wetzel	23	22	15	17	11	34	27	21
		Wood	24	26	18	16	6	8	13	24
	*	Doddridge	25	20	13	10	54	55	40	36
	*	Ritchie	26	23	32	29	37	17	32	50
		Mineral	27	33	22	26	15	41	14	20
		Harrison	28	27	19	22	13	13	26	52
		Jackson	29	25	17	19	22	37	24	11
	*	Preston	30	31	21	23	33	20	30	15
	*	Morgan	31	37	25	28	19	26	8	44
**	*	Braxton	32	28	49	49	42	24	48	47
	*	Hampshire	33	38	35	39	29	42	20	13
**	*	Calhoun	34	30	49	54	52	50	51	33
**	*	Summers	35	44	49	52	45	45	44	51
		Mercer	36	45	28	31	16	5	34	42
	*	Greenbrier	37	36	39	42	18	7	19	45
		Upshur	38	35	23	25	36	32	36	19
		Berkeley	39	40	26	30	8	15	4	6
	*	Nicholas	40	34	41	36	32	33	38	14
**	*	Roane	41	47	49	51	47	40	35	29
**	*	Clay	42	32	49	55	55	51	55	10
**	*	Randolph	43	41	49	48	23	11	33	32
		Taylor	44	39	40	43	43	30	37	37
		Raleigh	45	48	29	24	24	16	28	26
		Fayette	46	43	27	32	39	19	39	48
		Mingo	47	42	24	27	44	9	50	1
**	*	Barbour	48	46	49	53	46	44	46	34
	*	Wirt	49	52	37	44	38	54	43	17
		Logan	50	49	31	33	41	21	42	9
		Wayne	51	51	33	41	49	27	31	12
	*	Monroe	52	54	42	50	14	49	16	46
		Wyoming	53	50	30	35	48	48	49	3
		McDowell	54	53	36	38	53	46	53	22
		Lincoln	55	55	38	45	51	53	52	7

* Rural (Ten or less students per square mile)

as property values decline local school revenue declines. But, the relationship between regular levy revenue per student and taxable personal income per student is 0.21, which gives an indication of little or no relationship between taxes collected on the regular levy and resident ability to pay taxes. A high correlation coefficient of 0.88 exists between the amount of money generated by the regular levy for school services and Class III assessed property values.

There is a high correlation between taxable personal income per student and the number of students per square mile land area. The correlation coefficient between the two variables is 0.80. This indicates that the greater the student population per square mile the greater the resident taxable personal income. In broader terms, sparsely student populated areas in the state reflect low taxable personal income and densely populated areas reflect high taxable personal income. There is a high positive relationship (0.81) between taxable personal income and the value of Class IV property. Class IV property is all real and personal property situated inside of municipalities, exclusive of Classes I and II.

A negative correlation (- 0.74) exists between taxable personal income per student and the percentage of residents receiving public assistance. The - 0.74 correlation coefficient indicates that school districts with high taxable personal income have a low percentage of residents receiving public assistance; and school districts with a low taxable personal income per student have a high percentage of the population receiving public assistance.

Advocates of an income factor to determine local fiscal capacity maintain that a low correlation between property values and resident income supports the need to combine the two to arrive at a more comprehensive measure of fiscal capacity.[20]

Fiscal Capacity Measures in Other States

Different states have incorporated different measures of local capacity other than property valuations in their school finance formulas. Virginia uses an index of property valuations, sales and income; Kansas utilizes a four-year average of adjusted property valuation and taxable resident incomes; Arkansas, because of poor property assessments, switched to an income measure entirely for the 1979-80 school year; Rhode Island has an index of property valuations and family income as a measure of local capacity; Pennsylvania incorporates 60 percent weighting for property valuation per pupil and 40 percent weighting for personal income per pupil; Maryland defines local fiscal capacity in terms of property valuation and taxable income per pupil; Connecticut uses the ratio of district

[20] *Roe L. Johns, Edgar L. Morphet, Kern Alexander (1983), The Economics and Financing of Education, Fourth Edition, Chapter Eight, "Fiscal Capacity and Effort to Support Public Schools."*

median family income to state median family income as a property valuation adjustment.[21] Tennessee is considering a fiscal capacity model that includes per pupil local sales base, per pupil equalized property assessment, per capita personal income, the percentage of the property tax base that is homes and farms, and the percentage of the student population that is served by public schools.[22]

Relative Ability to Support Education

In many of the 55 counties the relative fiscal ability of the county to support education is overstated by the measure of assessed valuation of property. It is understated in others. Some counties have high assessed valuation of property and therefore a high property tax capacity but low incomes and thus a low resident fiscal ability to pay taxes and vise versa. In these instances, limiting the measure of fiscal capacity to just property produces an inaccurate picture of the overall fiscal ability of the local residents to support education.

For example, Clay and Taylor counties have about the same assessed valuation of property. Clay's assessed property valuation per student is $66,236 and Taylor's, $65,750. The similarities of the two counties end with the valuation of assessed property. On the regular levy, Clay generates $491 per student and Taylor, $442. Taylor County enacts the excess levy, Clay County does not. Taylor County's student population is 18 percent of the resident population, Clay's is 23 percent, indicating a greater burden on a smaller number of taxpaying residents of Clay County to support education. Clay has a poverty and public assistance rate of over 38 percent (Taylor, 17%), taxable personal income per student that is 39 percent of the state average (Taylor, 62%), and gross consumer sales per student that is 25 percent of the state average (Taylor, 63%). An overview of the ability of the residents of Clay and Taylor counties to support education is presented in Table 16.

[21] *Id. at 170.*

[22] *The Tennessee Advisory Commission on Intergovernmental Relations (January 1992), BEP Equalization and the TACIR Fiscal Capacity Method, Nashville.*

Table 16
Comparison of Clay County and Taylor County on Measures of Resident Ability to Pay for Educational Services (1991-92)

Category	Clay	Taylor	State Avg
Assessed Property Values/Pupil	$66,236	$65,750	$84,518
Regular Levy Revenue/Pupil	$491	$442	$549
Excess Levy Revenue/Pupil	$0	$232	$557
Total Local Revenue/Pupil	$491	$805	$1,239
Basic State Aid/Pupil	$3,296	$3,463	$3,071
Taxable Personal Income/Pupil	$14,609	$23,094	$32,469
Consumer Sales/Pupil	$14,039	$34,717	$42,856
Percent Poverty	38.8%	17.3%	19.0%
Children Under Age 18 BPL*	48.4%	29.4%	27.5%
Percent 65 Years and Older	12.8%	16.2%	15.1%
Student Population (Net Enr: 91-92)	2,280	2,771	313,121
County Population (1990)	9,983	15,144	1,793,477
Percent Enrollment to Population	23%	18%	17.4%

* BPL - Below Poverty Level

Composite Index

To provide a more comprehensive picture of the ability of local residents to support education than a single measure of property wealth, a composite index was constructed. The components of the index are revenue measures of property wealth, taxable personal income, and gross consumer sales.[23]

Relative to the average county, two population indexes were computed for each of the three revenue measures and then averaged. The two population divisors are: (1) A three-year average of net enrollment; and (2) 1990 county population. Both were used as divisors to equalize the effects of changing student population and tax payer burden. The individual revenue index computations are as follows:

A. Student Enrollment Divisor

$$\frac{\dfrac{\text{School District Net Regular Levy Revenue}}{\text{School District Three-Year Average Net Enrollment (89-90, 90-91, 91-92)}}}{\dfrac{\text{State Total Net Regular Levy Revenue}}{\text{State Total Three-Year Average Net Enrollment}}}$$

[23] *The rate of public assistance or poverty was not included as one of the measures of resident fiscal ability due to the high negative correlation with taxable personal income per student. Taxable personal income per student would act as a proxy for the rate of public assistance.*

B. County Population Divisor

$$\frac{\text{School District Net Regular Levy Revenue}}{\text{County Population, 1990}} \Big/ \frac{\text{State Total Net Regular Levy Revenue}}{\text{1990 State Population}}$$

C. The Average of A and B for each revenue category.

This method of computation was repeated for Sales Tax revenue and Personal Income Tax revenue. A composite index was created by computing the arithmetic average of the three individual indexes.

Presented in Table 17 are the individual indexes for Net Regular Levy Revenue, Tax Revenue on Personal Income, and the Tax Revenue on Consumer Sales plus the composite index by county. For each index category the state average equals one (1.0). An index of 0.56 indicates that the school district is 56 percent of the state average. An index of 1.45 indicates that the school district is 45 percent above the state average on the specific category.

Relative to the average county on revenue collected on consumer sales, taxable personal income, and assessed valuation of property, Ohio County emerged with a composite local ability index of 172 percent compared to 44 percent for Lincoln County. Eighteen of the 55 counties presented in Table 17 display a composite fiscal ability index greater than the average of 1.0. Berkeley, Cabell, Kanawha, Monongalia, Ohio, and Wood counties record both above average sales tax and income tax revenue. Overall, Ohio, Cabell, Hancock, Kanawha, Monongalia and Wood counties exhibit strong ability in the three revenue areas while Lincoln, McDowell, and Summers counties exhibit low fiscal ability in all three areas.

With the combined measures of resident fiscal ability and property wealth, Ohio County shifted from a ranking of eighteenth on regular levy revenue to first on the composite index. Berkeley County went from a ranking of fortieth on property wealth to eleventh in the state in overall local fiscal ability. Raleigh moved from a ranking of forty-eighth on property wealth to twenty-first on the composite index. Pleasants County dropped from first place on property values to second place in overall fiscal ability; and Gilmer County, with a ranking of third in the state on assessed property values, dropped to the rank of twenty-sixth on the composite index. Several counties maintained the same ranking on both property wealth measures and the composite fiscal ability index, notably, Lincoln and McDowell counties.

Table 17

Relative Fiscal Ability By School District Ranked by the Combined Index

No Excess Levy	Rural		School Districts	Regular Levy Revenue Index	Personal Income Tax Rev Index	Consumer Sales Tax Revenue Index	Combined Index 33/33/33 COMPOSITE
		1	Ohio	0.94	1.74	2.49	1.72
		2	Pleasants	3.32	0.84	0.53	1.56
		3	Cabell	1.05	1.46	2.03	1.51
		4	Kanawha	1.27	1.48	1.52	1.42
**	*	5	Grant	2.35	0.89	0.59	1.27
		6	Hancock	1.18	1.66	0.97	1.27
		7	Monongalia	1.04	1.36	1.18	1.19
**	*	8	Pocahontas	1.36	0.69	1.51	1.18
		9	Wood	0.95	1.27	1.16	1.13
		10	Marshall	1.65	0.88	0.85	1.13
		11	Berkeley	0.80	1.16	1.36	1.11
	*	12	Greenbrier	0.84	0.93	1.54	1.10
**	*	13	Tucker	1.41	0.71	1.12	1.08
		14	Putnam	1.27	1.19	0.60	1.02
		15	Jefferson	1.02	1.28	0.77	1.02
		16	Boone	1.39	0.82	0.85	1.02
		17	Marion	1.08	1.03	0.93	1.01
		18	Wetzel	1.07	1.09	0.85	1.01 ◀
		19	Harrison	0.97	1.04	0.91	0.98
		20	Mercer	0.74	0.96	1.21	0.97
		21	Raleigh	0.75	0.87	1.22	0.95
**	*	22	Braxton	1.03	0.66	1.08	0.92
		23	Fayette	0.80	0.67	1.21	0.89
**	*	24	Hardy	1.25	0.80	0.62	0.89
	*	25	Ritchie	1.06	0.66	0.96	0.89
	*	26	Gilmer	1.63	0.56	0.45	0.88
	*	27	Lewis	1.21	0.75	0.64	0.87
		28	Brooke	1.03	1.04	0.53	0.87
		29	Jackson	1.04	0.91	0.55	0.83
	*	30	Morgan	0.86	0.89	0.70	0.81
**	*	31	Webster	1.47	0.49	0.48	0.81
		32	Mason	1.21	0.79	0.40	0.80
		33	Upshur	0.87	0.70	0.79	0.79
	*	34	Nicholas	0.91	0.83	0.60	0.78
	*	35	Tyler	1.15	0.82	0.36	0.78
		36	Mineral	0.87	0.93	0.45	0.75
**	*	37	Randolph	0.78	0.81	0.64	0.74
	*	38	Hampshire	0.85	0.74	0.61	0.73
**	*	39	Pendleton	0.95	0.68	0.57	0.73
		40	Taylor	0.84	0.58	0.75	0.72
	*	41	Preston	0.94	0.73	0.50	0.72
		42	Logan	0.77	0.70	0.66	0.71
		43	Mingo	0.89	0.69	0.55	0.71
		44	Wayne	0.69	0.51	0.73	0.64
**	*	45	Roane	0.79	0.53	0.59	0.64
**	*	46	Barbour	0.78	0.53	0.58	0.63
**	*	47	Calhoun	1.04	0.44	0.39	0.62
	*	48	Doddridge	1.21	0.40	0.21	0.61
		49	Wyoming	0.76	0.58	0.44	0.59
	*	50	Clay	1.04	0.41	0.31	0.59
	*	51	Monroe	0.47	0.91	0.31	0.56
	*	52	Wirt	0.70	0.68	0.29	0.56
**	*	53	Summers	0.71	0.52	0.36	0.53
		54	McDowell	0.63	0.45	0.32	0.47
		55	Lincoln	0.53	0.47	0.31	0.44
			State Average:	1.0	1.0	1.0	1.0

Data Information: Student Enrollment Divisor - 3 year average net enrollment (89-90, 90-91, 91-92); Population Divisor - 1990 County Population

Property values appear to understate the overall ability of the citizens to support public school education in 12 counties. Listed are the 12 counties with the student enrollment for each county in parenthesis: Ohio (6,080 students), Cabell (14,147), Fayette (9,189), Kanawha (33,189), Hancock (5,177), Monongalia (9,878), Wood (14,697), Berkeley (10,328), Greenbrier (5,996), Harrison (12,120), Mercer (10,921), and Raleigh (14,167) counties. Approximately 145,890 students or 46.6 percent of the total public school population of West Virginia attend school in these counties.

This study has investigated only one method of measuring resident fiscal ability to support present and future educational services. Different measures of student enrollment, different methods of measuring resident fiscal ability, and different weights for combining the individual components would present different results. Although the outcomes of this study are not definitive, they present the opportunity to consider different options to the complex problem of local support for public elementary and secondary education.

Overview of Section Three

Because of the present method for raising local school support, one school district in the state is able to generate over $3,000 per student in local education funds while another provides less than $450 per student. When resident fiscal ability is combined with property wealth to assess the overall ability of school districts to support education the outlook changes for many counties. For example, Mercer County ranks forty-fifth in the state on net regular levy revenue support for public schools. At the same time, Mercer County exhibits consumer sales tax revenue that is 21 percent above the state average and taxable personal income revenue that is 96 percent of the state average. By the composite fiscal ability index Mercer County ranked twentieth in the state, a considerable distance from the rank of forty-fifth on local net regular levy revenue support. Overall, Mercer County's resident fiscal ability to support education is greater than the county's property wealth indicates.

On the other end of the continuum, property values in Pleasants, Grant, Gilmer, Hardy, Tyler, Mason, Calhoun, Clay and several other counties appears to overstate the ability of the residents to pay taxes. Property wealth in Lincoln County is 53 percent of the state average and yet, appears to overstate the ability of the citizens to support education. Consumer sales tax revenue for Lincoln County is 31 percent of the state average, and personal income tax revenue is 47 percent. Lincoln County has an overall composite index of 0.44. The residents of Lincoln County pass the excess levy for additional education funding.

The most understated county appears to be Ohio. Ohio ranks eighteenth on the regular levy revenue but exhibits a relative fiscal ability index of 72 percent greater than the state average, placing the county in the number one spot in the state in overall ability to support education. However, because school districts are limited to assessed valuation of property as the sole indicator of their ability to raise revenue for local education support the fiscal capacity of Ohio County is understated. Property values also understates the overall fiscal capacity of Berkeley, Cabell, Kanawha, Hancock, Monongalia, Wood, Greenbrier, Mercer, Raleigh, Harrison, and Fayette counties. Forty-six percent of the state's total student population attend schools in these 12 counties.

RELATIONSHIP BETWEEN PROPERTY WEALTH, LOCAL PER PUPIL REVENUE, and RESIDENT ABILITY to PAY TAXES

The relationship between property wealth, local per pupil revenue, and resident ability to pay taxes is complex. As sections I-III of this study have illustrated, the complexity involves the assessment of property, the interaction of the state funding formula with local support, the justified needs of a school district, the fiscal ability of the citizens to pay taxes, and the excess levy funds. The overall needs, the fiscal capacity, and the fiscal ability of the 55 counties are diverse.

One manner in which to exam parts of this complex relationship is with the composite index table (Table 17). Another method is with correlation analysis. For example, the correlation between per pupil property values and per pupil local and state revenue (state aid, state grants and programs, plus regular and excess levy funds) is 0.60, which indicates a positive and moderate relationship between property values and per pupil revenue. If excess levy funds are not included in this examination, then the correlation between property values and local plus state funds is 0.08, indicating little or no relationship between property values and per pupil revenue. One purpose of the equalization portion of a state funding formula is to reduce the relationship between property wealth and per pupil revenue.

Key items of data are presented in Table 18 to give a visual representation of the information provided in Sections I, II, and III for four counties, McDowell, Greenbrier, Pocahontas, and Ohio.

The basis for selecting each county was as follows: McDowell County, student need; Pocahontas County, rurality and non-passage of the excess levy; Greenbrier County, rurality, passage of the excess levy, and lowest rank on total per pupil revenue; and Ohio County, relative high taxable personal income and consumer sales.

As the data in Table 18 indicate, the funding needs of McDowell County School District appear to be great. Over 50 percent of the children under the age of 18 live in poverty; taxable personal income is 45 percent of the state average; per pupil property wealth is second from the lowest in the state; and the citizens tax themselves at twice the rate as Pocahontas County to generate less local education support.

Table 18
Comparison of Four School Districts on Measures of Property Wealth, Per Pupil Revenue, and Resident Ability To Pay Taxes

	Greenbrier	McDowell	Pocahontas	Ohio
PROPERTY VALUES/PUPIL	$71,657	$43,557	$116,018	$108,450
PUBLIC ASSISTANCE RATE	15.4%	32.7%	16.2%	12.4%
CHILDREN UNDER AGE 18 Below Poverty Level	23.8%	50.3%	26.3%	20.8%
TAXABLE INCOME/PUPIL	$34,846	$16,384	$29,446	$74,276
SALES TAX/PUPIL	$1,827	$345	$1,809	$3,513
PUPILS/ SQ MILES	5.8	14.0	1.6	57.4
Net Enrollment	5,996	7,490	1,533	6,080
County Population	34,693	35,233	9,008	50,871
NET ENR/POPULATION	17.3%	21.3%	17.0%	12.0%
NET REG LEVY REV/PUPIL	$460	$317	$750	$612
EXCESS LEVY/PUPIL	$242	$332	0	$645
REG + EXCESS/PUPIL	$702	$649	$750	$1,257
LOCAL SHARE+STATE AID/ PER PUPIL	$3,366	$3,770	$3,992	$3,427
COMPOSITE INDEX	1.1	0.47	1.18	1.72

Greenbrier County has about the same student population as Ohio County, but spread over a larger land area as indicated by the students per square mile of 5.8 compared to 57.4 for Ohio County. Pocahontas has the least number of students per square mile of 1.6, but the percentage of the total population represented by school age children is almost the same as Greenbrier County (17% and 17.3% respectively) and less than McDowell County of 21.3%. The higher the percentage of the population with school age children, the greater the burden is on a smaller number of tax-paying residents to support education.

Pocahontas County's property values allow for the greatest amount of local support of the four counties. Ohio County's over all fiscal capacity allows for the greatest potential for local education support.

The examination of local tax effort indicates that McDowell County exerts two times the effort as Pocahontas County to raise less money for education support. Greenbrier County does not exert the full excess levy potential.

This examination of the four counties could continue for many more pages, but the purpose of this example is to show the many interacting forces that go into the relationship between property wealth, local support, per pupil revenue, and resident ability to pay taxes.

REPORT SUMMARY

The purpose of this study was to investigate the differences in property wealth, local public elementary and secondary education support, per pupil revenue for 1991-92, and resident ability to pay taxes. Presently in West Virginia, relative fiscal capacity of a school district is limited to and measured by the amount of revenue generated by the regular levy on local assessed valuation of property. Local resident ability to pay taxes is not a component of this measure.

The major findings of this study were presented in the executive summary and are repeated below.

1. The differences in local education support are attributed to property wealth, the mix of property classes, and voter approval of the excess levy.

2. Class III and Class IV property values are the dominant force in generating regular and excess levy revenue for local public school support.

3. Class III and Class IV property represent 63 percent of all property values in the state and 83 percent of property tax revenue for local school support. In broad terms:

   Industrial, commercial and natural resource properties (coal, gas, oil, and timber tracts); non-residential personal property such as cars, trucks, boats and satellite dishes; and public utilities (exclusive of Classes I and II) account for 63 percent of total assessed property values and 83 percent of property tax revenue for local school support.

4. Due to the small decrease in the regular levy tax rate on assessed property values for 1991-92, the local school districts lost approximately $475,000 in local education funds.

5. Thirteen counties did not pass the excess levy resulting in a loss of local funds to those counties of approximately $15 million or over $500 for each of their 29,804 students. Ten counties exercised between 40-90 percent of the maximum excess levy rate resulting in a six million dollar loss in excess levy revenue for those counties.

6. Because excess levy funds are not equalized, school districts with high property values have greater fiscal capacity to raise additional education funds than school districts with low property values even though the tax effort is the same.

7. Per pupil property values for the highest ranked school district are 5.5 times greater than the lowest ranked school district.

8. The citizens of some counties tax themselves at twice the tax rate as other counties and raise less local education dollars per school child.

9. Total local revenue per pupil of the highest ranked school district is seven times that of the lowest ranked school district.

10. The correlation between property values and resident ability to pay taxes (when measured by taxable personal income) is 0.36, indicating a small relationship.

11. In twelve counties, assessed property values understate the overall fiscal ability of the residents to support education. Forty-six percent of the total public school population attend school in those counties.

12. The state education foundation funding formula equalized local property wealth to $555 per pupil differences in adjusted enrollment and $863 difference in net enrollment between the highest ranked school district and the lowest ranked school district on local share plus state aid.

13. The highest ranked school district on total per pupil revenue had $1,803 more per pupil for education services than the lowest ranked school district in 1991-92.

14. Total revenue received by the school districts in 1991-92 was over $1.5 billion or an average $4,825 per pupil in net enrollment. On an average, the state contributed 66 percent of total revenue; 26 percent was generated at the local level; and 8 percent at the federal level.

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Personal Income Tax Summary for Tax Year 1989
1989 Consumers Sales Tax Summary
West Virginia Tax Laws, 1991

Appendix A

Definitions

I. STUDENT ENROLLMENT

Following are the definitions of the three measures of student population reported by the West Virginia Department of Education and the definition used for this study.

(1) **Adjusted enrollment**: Net enrollment (head count) for grades K-12, plus twice the number of pupils enrolled for special education, including exceptional gifted, plus the number of pupils in grades nine through twelve enrolled for honors, advanced placement, and gifted programs. No pupil may be counted more than three times for the purpose of determining adjusted enrollment. Source: West Virginia Code Book, Volume 7, Chapter 18, Article 9A, Section 18-9A-2, 1991 Cumulative Supplement.

In 1990-91, adjusted enrollment for the state equaled 418,870. In 1991-92, adjusted enrollment for the state equaled 418, 334.

(2) **Average daily attendance (ADA)**: Average number of students who attended a public school district when schools are actually in session. In 1990-91 ADA equaled 298,067. The estimated 1991-92 ADA is 296,191.

(3) **Net enrollment**: Enrollment (head count) for pupils enrolled in special education programs, kindergarten programs and grades one to twelve, inclusive, of the public schools of the county. Net enrollment with adults includes K-12 enrollment plus certified adults enrolled in regular secondary vocational programs. In 1990-91, net enrollment for the state equaled 314,510; net enrollment with adults equaled 315,237. For 1991-92, net enrollment for the state equaled 311,776; net enrollment with adults equaled 312,707.

(4) **Adjusted Net Enrollment used for this study**:
1991-92 Second Month Net Enrollment with 931 certified Adults, plus full-time equivalent kindergarten enrollment, plus full-time equivalent Federal Head Start enrollment of 410 students. The adjusted net enrollment equalled 313,121.

II. CLASSIFICATION OF PROPERTY

For ad valorem tax purposes, property is classified as follows:

Class I — All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer; all notes, bonds, and accounts receivable, stocks and any other evidences of indebtedness.

Class II — All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.

Class III — All real and personal property situated outside of municipalities, exclusive of Classes I and II.

Class IV — All real and personal property situated inside of municipalities, exclusive of Classes I and II.

Total levy rates by class vary between counties. The rate of Class II property is two times that of Class I and the rates of Classes III and IV property are four times that of Class I.

Source: *Classified Assessed Valuations Taxes Levied, 1991 Tax Year, Fiscal Year Ending June 30, 1992,* Department of Tax and Revenue, State of West Virginia

III. TAXABLE ASSESSED PROPERTY VALUES BY CLASS - 1991

(Does not include Homestead Exempt Property of $1,844,939,331)

Class I & Class II Assessed Property Values

	Class I	Class II
REAL ESTATE	0	$5,457,256,487
PERSONAL PROPERTY	$2,145,627,177	$133,173,540
PUBLIC UTILITY	$144,472,900	0
TOTAL	$2,290,100,077	$5,590,430,027

Class III & Class IV Assessed Property Values

Non-Residential Real & Personal Property	Class III	Class IV	Classes III+IV	% of All Property *
REAL ESTATE	$2,945,695,970	$2,206,394,007	$5,152,089,977	19.7%
PERSONAL PROP	5,657,851,882	2,672,451,885	8,330,303,767	31.8%
PUBLIC UTIL	2,256,211,000	690,367,500	2,946,578,500	11.3%
TOTAL	$10,859,758,852	$5,569,213,392	$16,428,972,244	62.8%

* Includes Homestead Exempt Property
Total Assessed Valuation of all property equals: $26,154,441,679

Summary of Class III and Class IV Property Values

Non-residential real estate such as industrial, commercial and natural resource properties (coal, gas, oil and timber tracts), located inside and outside of municipalities, represents 19.7 percent of total assessed property values in 1991.

Non-residential personal property such as cars, trucks, boats, satellite dishes, mobile homes (used for rental property) and car and truck trailers represent 31.85 percent of total assessed property values in 1991.

Public Utilities located inside and outside of municipalities, exclusive of Classes I and II, represent 11.3 percent of total assessed property values in 1991.

In total, the assessed value of non-residential real and personal property (Classes III and IV) represents 62.8 percent of total assessed property values in 1991.

IV. TAXES LEVIED - DISTRIBUTION BY TYPE OF PROPERTY, 1991

	Real Estate	Personal Property	Public Utility	Total	% of Total
Class I	0	$16,668,927	$992,372	$17,661,299	3.19%
Class II	$76,674,781	$1,744,103	0	$78,418,884	14.17%
Class III	$72,672,238	$144,471,897	$55,808,251	$272,952,386	49.35%
Class IV	$72,788,001	$88,667,706	$22,587,909	$184,043,616	33.28%
Total	$222,135,020	$251,552,633	$79,388,532	$553,076,185	

Summary of Taxes Levied on Classes III and IV Assessed Property

	Real Estate	Personal Property	Public Utility	Total
Class III & Class IV	$145,460,239	$233,139,603	$78,396,160	$456,996,002
% of Total Taxes Levied	26.30%	42.15%	14.17%	82.63%

Summary of Taxes Levied on All Taxable Property in 1991

Of the $553,076,185 of revenue to be generated from taxes levied on all taxable property in 1991, 67.68 percent ($374,327,617) is designated for public elementary and secondary education in the form of regular levy revenue, excess levy revenue, bond levy revenue, and public improvement revenue. The state is to receive 0.36 percent of the total property tax revenue; the county, 24.28 percent; and the municipal, 7.68 percent.

V. OTHER TERMS

1. **Consumers Sales Tax**: The Consumers Sales and Service Tax (CSST) Act imposes a duty on vendors to collect a tax from consumers and remit all receipts from this tax to the Department of Tax and Revenue. The tax is imposed on the sale or lease of tangible personal property and the furnishing of certain services. Although CSST is levied at 6 cents on $1, 12 cents on $2, 18 cents on $3, and so on, this tax is not a flat 6 percent applied against the purchase price. CSST is to be paid by the ultimate consumers; sellers collect the tax and remit their collections to the Department of Tax and Revenue. For Fiscal Year 1990-91, the tax collections on consumers sales were 25.71 percent of West Virginia's total tax collections. Source: *West Virginia Tax Laws, 1991*, West Virginia Department of Tax and Revenue.

2. **Equalization:** The process of compensating for differences in order to make equal. Two related concepts are **Capacity Equalization** and **Service and Programmatic Equalization**. Capacity Equalization is the process of compensating for differences in school districts' ability to support education in order to achieve student equity and taxpayer equity. Service and programmatic equalization is the process of compensating for differences in the level of services or programs in a school or school district in order to achieve student equity. Source: *School Finance at a Glance* (April 1990), Education Commission of the States.

3. **Fiscal Capacity**: Fiscal capacity is the ability of state and local school systems to obtain revenues from their own sources through taxation. Or, fiscal capacity may be broadly defined as a quantitative measure of economic resources within a governmental unit which can be used to support public functions. Relative capacity among states or localities is determined by dividing the measure of capacity by some unit such as per capita or per pupil. Source: Roe L. Johns, Edgar L. Morphet, Kern Alexander, (1983) *The Economics and Financing of Education, Fourth Edition*, p. 161.

4. **Foundation Program**: A foundation is a state equalization aid program that typically guarantees a certain foundation level of expenditure for each student, together with a minimum tax rate that each school district must levy for education purposes. The difference between what a local school district raises at the minimum tax rate and the foundation expenditure is made up in state aid. Source: *School Finance at a Glance* (April 1990), Education Commission of the States.

5. **Personal Income Tax**: State Personal Income Tax is imposed on the West Virginia taxable income of resident individuals, estates and trusts wherever their income is earned. Computation of West Virginia taxable income begins with federal adjusted gross income to which specific increases and/or decreases are made. Taxable rates increase as taxable income increases. The rates range from 3 percent to 6.5 percent. For Fiscal Year 1990-91, personal income taxes were 27.62 percent of total tax collections for West Virginia. Source: *West Virginia Tax Laws, 1991*, West Virginia Department of Tax and Revenue.

6. **Property Tax**: The West Virginia Property Tax is administered by county official and officials of a number of State government agencies. It is the responsibility of each property owner to pay property taxes. Property taxes are paid to the sheriff of each of the 55 counties. Each county and municipality can impose its own rates of property taxation. These rates can vary within counties depending upon the classification of the property. The West Virginia Legislature sets the rate of tax for county boards of education. This rate is used by all county boards of education statewide. Source: *West Virginia Tax Laws, 1991*, West Virginia Department of Tax and Revenue.

7. **Property Values**: Property is assessed in terms of its use, location and value as of July 1. The amount of tax paid on property depends upon the following:
   a. the appraised value of the property;
   b. the assessed value of the property as determined by a county assessor; and
   c. the rate of tax levied against each $100 of assessed valuation.

Source: *West Virginia Tax Laws, 1991*, West Virginia Department of Tax and Revenue.

8. **Property Wealth**: Total assessed value of property.The wealth of a school district consists only of the tangible wealth which it can tax (Johns, Morphet, Alexander (1983), *Economics of School Finance*, p. 13). Wealth is defined... as the value of taxable property in the school district (Jones, Thomas A. (1985), *Introduction to School Finance: Technique to Social Policy).*

   Related to the concept, wealth of a school district, are the following: In *Serrano v. Priest*, 487 P.2d 1241 (Cal. 1971) a negative definition of equity indicated that the level of expenditures per pupil in any district may not vary according to the property wealth of that district. Coons, Clune, and Sugarman (1970) in *Private Wealth and Public Education*, stated, "The quality of public education may not be a function of wealth other than the wealth of the state as a whole." Art Wise stated in *Rich Schools Poor Schools*, "Equality of educational opportunity exists when a child's education does not depend upon either his parent's economic circumstances or his location within the state."

9. **Public Assistance**: The percentage of population that is receiving AFDC, AFDC-U and non-public assistance food stamps. Aid for Families with Dependent Children (AFDC) provides financial and medical assistance to eligible families and children. To be eligible, the children must be under the age of 18 and deprived of parental support and care due to the death of either parent, the absence of either parent, the physical or mental incapacity of the parent, or the unemployment of the parent. The child must be living with a specified relative. Source: Economic Services Programs, West Virginia Department of Human Services. AFDC-U: Child living with an unemployed parent. The rate of assistance depends on the family size. The AFDC is a federal-state matching program with 75% federal funds and 25% state funds.

10. **Rural**: The definition of a rural county or a rural school district for this study is 10 or fewer students in net enrollment per square mile of land area. Twenty-five counties were identified as rural.

Appendix B

West Virginia's School Financing System

Following is a simplified version of West Virginia's public elementary and secondary school financing system extracted from the 1988 West Virginia Supreme Court of Appeals case, *State of West Virginia Ex Rel. The Boards of Education of the Counties of Upshur, Et Al. v. Honorable Robert G. Chafin, Special Judge.*[24]

W. Va. Code, 18-9a-1, *et seq.*, sets out the State's public school support plan, popularly known as the school financing formula. The formula contemplates a shared responsibility of education costs to be borne by the State and individual counties.

Very broadly, the operation of the formula may be described as follows. First, a county's estimated level of need, or basic foundation program, is determined. The basic foundation program is the total sum required for each of seven categories of need, viz., professional educators, service personnel, fixed costs, transportation costs, administrative costs, other current expenses and substitute employees, and improvement of instructional programs.

Second, the county's local share must be computed. W. Va. Code, 18-9A-11(a). Local share is the amount of tax revenue which will be produced by levies, at specified rates, on all real property situate in the county. Local share thus represents the county's contribution to education costs on the basis of the value of its real property. State funding is provided to the county in an amount equal to the difference between the basic foundation program and the local share. W. Va. Code, 18-9A-12.

Other local funds may also be raised. W. Va. Constitution article X, § 10 authorizes any county to increase, by as much as 100 percent, the maximum levy rates allowable for public schools. These increases, or excess levies, must be approved by a majority vote and are valid for up to five years. Revenues derived from excess levies are used for a wide variety of purposes including salary supplements for school personnel, free textbooks for students, and other current operating expenses.

[24] *376 S. E. 2d 113 (W. Va. 1988).*

BASIC EDUCATION FOUNDATION PROGRAM CALCULATIONS
WEST VIRGINIA 1991 TAX YEAR, 1991-92 SCHOOL YEAR

1.

	Assessed Property Values
(-)	Homestead Exemption
=	Taxable Assessed Property

2. Apply Levy Rates to the Different Classes of Taxable Property Values to derive the Regular Levy Revenue

			Computed Regular Levy Revenue
Class I	=	22.89 cents/$100	
Class II	=	45.78 cents/$100	
Class III	=	91.56 cents/$100	
Class IV	=	91.56 cents/$100	$180,146,900

3. Apply Discount Rates in computing Net Local Regular Levy Revenue.

Class I, II, III, & IV Real and Personal Property[25] **5% Discount**	Class I, III, IV Public Utility **2.5% Discount**

Net Regular Levy Revenue
$171,822,256

Amount for discounts: ($180,146,900 - 171,822,256) ($8,324,600)

[25] *West Virginia §18-9A-11(2), ...allowance for the usual losses in collections due to discounts, exonerations, delinquencies and the like.*

4. State Department of Education Calculated Local Share of the Basic Foundation Program, *Source Book 1992.*

	Local Share
Rates of 22.5 cents/$100 for Class I applied to 97.5 percent of assessed public utility valuations and 95% of other property.	$158,203,900

Difference in Net Local Regular Levy Revenue and State calculated Local Share
($171,822,256 - $158,203,900) = $13,618,356

5. State Share of the Basic Foundation Program

§18-9A-3. Total State Basic Foundation Program
The total basic foundation program for the State for any year shall be the sum of the computed costs for the counties in aggregate, as hereinafter determined, for the following:

(1) Allowance for professional educators;
(2) Allowance for service personnel;
(3) Allowance for fixed charges;
(4) Allowance for transportation;
(5) Allowance for administrative cost;
(6) Allowance for other current expenses and substitute employees; and
(7) Allowance to improve instructional programs.

The allowance for regional educational service agencies shall be excluded from the computation of total basic state aid (West Virginia Code §18-9A-8a). Data used in the computations relating to net and adjusted enrollment, and the number of professional educators, shall be for the second month of the prior school term (§18-9A-12). The allocated state aid share of the county's basic foundation program shall be the difference between the cost of its basic foundation program and the county's local share as determined in section eleven [§ 18-9A-11] of this article (§18-9A-12).

Sum of 7 categories:	$1,119,780,303
Less Local Share:	-158,203,891
Equals.....	Basic State Aid 1991-92
	$961,576,418

ADDITIONAL LOCAL, STATE, AND FEDERAL REVENUE

Excess levy revenue is not included as part of the local share of the Basic Foundation Program. For a school district to have excess levy funds, the excess levy tax must be approved by a majority of the votes cast for and against the excess tax levy. In 1990-91, the voters in thirteen school districts did not approve the excess tax levy.

Excess Levy Revenue	$157,692,234
Net Levy Regular Revenue minus State Calculated Local Share of the Basic Education Foundation Program	$13,618,400
Interest on investments, and other local revenue	58,427,236
Other State Programs and Grants	38,377,049
Federal Revenue	122,925,468

TOTAL PUBLIC ELEMENTARY AND SECONDARY EDUCATION REVENUE, 1991-92

TOTAL 1991-92 REVENUE	$1,510,820,662
PER PUPIL REVENUE	$4,825

Appendix C

Percentage of Property By Class to Total Assessed Valuation of Property

	%CLASS1	%CLASS2	%CLASS3	%CLASS4	%HOMESTEAD
Barbour	7.13	17.50	55.86	12.85	6.66
Berkeley	6.84	32.24	40.92	13.63	6.37
Boone	3.30	6.66	80.58	5.03	4.44
Braxton	5.94	22.59	53.79	11.46	6.22
Brooke	7.14	20.16	18.44	46.37	7.89
Cabell	15.60	20.60	19.90	36.05	7.85
Calhoun	4.27	23.36	59.97	5.08	7.33
Clay	2.96	14.35	72.85	4.15	5.68
Doddridge	3.94	14.25	73.74	3.15	4.93
Fayette	4.75	18.77	48.36	18.42	9.70
Gilmer	5.58	14.86	67.36	7.48	4.71
Grant	3.88	11.21	76.02	5.96	2.93
Greenbrier	15.91	18.01	40.91	19.65	5.52
Hampshire	7.53	36.91	39.87	8.20	7.49
Hancock	5.48	16.48	15.98	54.17	7.89
Hardy	11.99	30.32	30.57	21.29	5.84
Harrison	10.71	16.99	40.48	24.36	7.47
Jackson	9.79	20.52	51.88	12.01	5.80
Jefferson	6.94	35.31	36.53	15.18	6.03
Kanawha	14.01	21.49	23.65	34.69	6.16
Lewis	5.20	15.55	61.66	10.92	6.66
Lincoln	2.85	20.99	62.25	4.89	9.03
Logan	10.31	10.33	65.81	8.10	5.44
Marion	5.06	23.74	35.86	25.15	10.19
Marshall	2.82	13.11	68.52	11.30	4.25
Mason	5.83	16.09	65.76	7.54	4.79
McDowell	10.29	8.41	57.83	18.35	5.12
Mercer	9.09	29.46	27.00	21.98	12.47
Mineral	4.72	36.13	35.29	14.02	9.83
Mingo	10.26	8.75	66.71	11.38	2.90
Monongalia	7.78	19.36	43.65	21.38	7.83
Monroe	7.34	38.50	33.28	6.97	13.91
Morgan	5.06	38.45	41.49	6.28	8.72
Nicholas	11.67	12.39	57.78	12.51	5.65
Ohio	18.62	24.68	6.40	41.40	8.89
Pendleton	13.34	33.28	40.23	6.05	7.11
Pleasants	3.17	5.75	84.81	3.98	2.29
Pocahontas	6.03	28.90	49.41	8.70	6.97
Preston	6.81	28.55	44.81	11.59	8.24
Putnam	4.60	31.96	50.87	6.77	5.80
Raleigh	9.16	21.60	39.96	20.10	9.17
Randolph	5.04	24.87	45.61	15.78	8.70
Ritchie	3.50	19.26	56.58	13.27	7.39
Roane	7.87	31.33	41.19	10.09	9.52
Summers	5.79	34.20	31.65	15.07	13.29
Taylor	5.75	21.34	47.17	17.64	8.10
Tucker	5.68	19.28	54.17	15.82	4.76
Tyler	7.06	17.70	58.40	10.73	6.11
Upshur	4.12	24.08	53.07	10.25	8.49
Wayne	5.41	20.61	50.55	16.07	7.36
Webster	1.90	15.04	69.72	6.58	6.77
Wetzel	4.52	23.53	26.44	37.64	7.87
Wirt	14.51	26.38	43.33	8.96	6.83
Wood	7.63	24.94	32.91	27.63	6.89
Wyoming	4.21	8.44	74.93	8.62	3.80

Appendix D

Ranking: Percentage 1990 Population Age 65 and Older; With Percentage Age 65 & Over Below Poverty Level; Percentage Less Than Age 18 Below Poverty Level
West Virginia

No Excess Levy	Rural	County Boards	1990 % Pop Age 65 & Over	% Age 65 & Over Below Poverty	% Less Than Age 18 BPL
		Mingo	10.4	18.4	37.7
		Monongali	10.9	12.3	19.1
		Wyoming	10.9	16.4	36.2
		Putnam	11.0	18.5	14.2
		Jefferson	11.4	15.4	13.7
		Berkeley	11.8	15.7	16.1
		Lincoln	12.5	24.9	45.1
		Logan	12.6	19.3	37.3
		Boone	12.6	18.2	34.7
**	*	Clay	12.8	33.7	48.4
		Jackson	13.4	22.9	24.6
	*	Hampshire	13.7	27.6	21.1
		Wayne	13.7	20.6	28.5
	*	Nicholas	13.9	18.7	32.4
	*	Preston	14.0	20.0	22.7
		Mason	14.1	18.1	27.5
	*	Wirt	14.3	27.2	24.9
		Pleasants	14.5	16.7	25.2
		Mineral	14.7	16.4	19.4
		Upshur	14.7	17.1	30.0
		McDowell	14.8	20.7	50.3
		Wetzel	14.8	23.4	26.6
		Wood	14.8	16.6	18.7
**	*	Grant	14.8	25.7	16.2
		Marshall	15.2	13.7	21.4
**	*	Hardy	15.3	30.4	15.3
		Raleigh	15.3	12.5	28.8
	*	Tyler	15.4	20.7	20.5
**	*	Roane	15.5	26.6	38.2
**	*	Webster	15.5	22.3	46.0
		Kanawha	15.7	11.8	22.0
**	*	Randolph	15.8	17.9	29.9
**	*	Calhoun	15.8	35.7	37.1
		Hancock	16.0	10.4	18.1
**	*	Barbour	16.0	22.2	36.7
	*	Doddridge	16.2	21.3	26.2
		Taylor	16.2	18.7	29.4
	*	Gilmer	16.3	36.1	40.7
		Brooke	16.4	12.9	17.2
		Cabell	16.4	14.7	24.8
	*	Lewis	16.5	19.8	31.4
		Mercer	16.6	15.3	29.3
**	*	Tucker	16.7	20.1	22.2
	*	Morgan	16.8	16.9	10.3
	*	Monroe	16.9	22.9	25.4
	*	Greenbrie	16.9	20.0	23.8
		Fayette	17.1	15.3	34.0
**	*	Braxton	17.1	27.6	30.2
	*	Ritchie	17.3	22.1	34.9
**	*	Pendleton	17.3	29.3	16.9
**	*	Summers	17.5	21.2	32.3
		Harrison	17.7	13.3	24.5
		Marion	18.3	12.9	26.5
**	*	Pocahontas	18.8	23.9	26.3
		Ohio	18.9	15.8	20.8
		State Avg	15.1	20.2	27.5

*** 15.1% of the state population is age 65 and over.**
*** 20.2% of the population age 65 and over has income below the poverty level.**
*** 27.5% of the population age 18 and under are below the poverty level.**

Data Source: 1990 U.S. Census of Population and Housing/Income and Education, U.S. Bureau of the Census

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